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Intergovernmental Preparatory Committee for
the Third United Nations Conference on the
Least Developed Countries
First session
New York, 24 July 2000
Item 2 of the provisional agenda

ADOPTION OF THE AGENDA AND ORGANIZATION OF WORK

I. PROVISIONAL AGENDA

1. Election of officers
2. Adoption of the agenda and organization of work
3. Substantive preparations for the Conference
   - (a) Review of progress in the preparatory process for the Conference
   - (b) Assessment of progress in the implementation of the Programme of Action during the 1990s at the country level
4. Provisional agenda and organization of work for the Third United Nations Conference on the Least Developed Countries
5. Provisional rules of procedures for the Conference
6. Other business
7. Adoption of the report of the Intergovernmental Preparatory Committee

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II. ANNOTATIONS TO THE PROVISIONAL AGENDA

Introduction

1. The first session of the Intergovernmental Preparatory Committee for the Third United Nations Conference on the Least Developed Countries will be convened from 24 to 28 July 2000 at United Nations Headquarters in New York, pursuant to paragraph 2 of General Assembly resolution 54/235. The second session will be held in the first quarter of 2001 in New York. The Intergovernmental Preparatory Committee will undertake substantive preparations for the Conference, including a review of progress in the preparatory process and an assessment of progress in the implementation of the Programme of Action during the 1990s at the country level. It will also consider the provisional rules of procedure of the Conference and organizational aspects of the work of the Conference.

Item 1: Election of officers

2. Following consultations with regional coordinators and in the light of information provided by the Secretary-General of the Conference to the twenty-fourth executive session of the Trade and Development Board of UNCTAD, it is proposed that the Bureau of the Intergovernmental Preparatory Committee should be composed of 10 members, namely the Chairman, eight Vice-Chairmen and the Rapporteur, with account being taken of the need to ensure equitable geographical distribution. Furthermore, the President of the Trade and Development Board, the European Union, which is hosting the Conference, and the Co-ordinator of the LDCs should be fully associated with the work of the Bureau as *ex officio* members.

3. Should the Intergovernmental Preparatory Committee decide to establish working groups, the Chairmen of such working groups should be chosen from among the eight Vice-Chairmen.

Item 2: Adoption of the agenda and organization of work

4. The provisional agenda has been drawn up on the basis of consultations, in keeping with traditional practice and in response to General Assembly resolution 54/235.

5. The secretariat will make suggestions for the organization of work and will present a tentative timetable of meetings at the beginning of the session.

Item 3: Substantive preparations for the Conference

6. The Intergovernmental Preparatory Committee is expected to consider the substantive preparations for the Conference on the basis of the country-level programmes of action, the reports of the expert-level preparatory meetings, and the reports of the inter-agency consultations and the meetings of the Consultative Forum on the preparatory process.

7. For the consideration of this item, the Intergovernmental Preparatory Committee will have before it the following documentation:

(a) The reports of the three expert-level preparatory meetings, one for English-speaking African LDCs (Addis Ababa, Ethiopia, 27-29 March 2000) (A/CONF.191/IPC/2); one for Asian and Pacific LDCs (Kathmandu, Nepal, 3-5 April 2000) (A/CONF.191/IPC/3); and one for French-speaking African LDCs and Haiti (Niamey, Niger, 18-20 April 2000) (A/CONF.191/IPC/4). The purpose of these Meetings was to provide inputs to the country-level preparatory process, the preparatory process for the Conference and the Conference itself;

(b) The reports of the first, second and third inter-agency consultations on the preparatory process for the Conference. The objective of the inter-agency consultations is to ensure the full mobilization and coordination of all relevant organs, organizations and bodies of the United Nations system, as well as other relevant institutions, for the purpose of carrying out preparations for and providing follow-up to the Conference;

(c) The reports of the first, second and third meetings of the Consultative Forum on the preparatory process for the Conference. The Consultative Forum was established by the Secretary of the Conference to serve as a medium of interfacing and consensus-building between the United Nations organizations and agencies and other stakeholders;

(d) A note by the secretariat on the contributions of organizations and agencies to the preparatory process for the Conference;

(e) Draft country-level programmes of action prepared by Governments of least developed countries, which are being made available to the Committee for comments to help in finalizing these programmes.;

(f) Background documents:

(i) Issues note prepared by the secretariat;

(ii) *The Least Developed Countries 1999 Report* (UNCTAD/LDC/1999);

(iii) *The Trade and Development Report, 1999* (UNCTAD/TDR/1999);

(iv) Information note on the progress in the implementation of the Integrated Framework for Trade-Related Technical Assistance (paragraph 8 of General Assembly resolution 54/235.

Item 4: Provisional agenda and organization of work for the Third United Nations Conference on the Least Developed Countries

8. The draft provisional agenda for the Third United Nations Conference on the Least Developed Countries was prepared by the secretariat of the Conference pursuant to General Assembly resolution 54/235 and is contained in document A/CONF.191/IPC/L.1. The secretariat will circulate proposals and a tabulation for the organization of the work of the Conference, including parallel events.

Item 5: Provisional rules of procedures for the Conference

9. The draft provisional rules of procedures for the Conference are contained in document A/CONF.191/IPC/L.2. The text has been drawn up on the basis of standard rules applicable to Conferences which are held under the auspices of the United Nations.

Item 6: Other business

Item 7: Adoption of the report of the Intergovernmental Preparatory Committee

10. The report of the Intergovernmental Preparatory Committee will be submitted to the fifty-fifth session of the General Assembly and to the Third United Nations Conference on the Least Developed Countries, which will be held in Brussels from 14 to 20 May 2001.

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Intergovernmental Preparatory Committee for
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New York, 24 July 2000
Item 3 of the provisional agenda

REPORT OF THE EXPERT-LEVEL PREPARATORY MEETING FOR THE ENGLISH-SPEAKING AFRICAN LDCs

Held in Addis Ababa, Ethiopia,
from 27 to 29 March 2000

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CONTENTS

		Page
BACKGROUND AND OBJECTIVES OF THE MEETING		3
I.	REVIEW OF PROGRESS MADE IN THE IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE 1990s	4
	A. Global level	4
	B. Country level	4
	C. Regional level	5
II.	COUNTRY-LEVEL PREPARATIONS AND PRESENTATION OF GUIDELINES FOR NATIONAL PROGRAMMES OF ACTION	5
III.	FINANCING GROWTH AND DEVELOPMENT IN AFRICAN LDCs	6
	A. General discussions	6
	B. Suggestions	8
IV.	TRADE ISSUES, MARKET ACCESS AND SUPPLY CAPACITY OF AFRICAN LEAST DEVELOPED COUNTRIES	9
	A. Demand-side constraints	9
	B. Supply-side constraints	10
	C. Suggestions	12
V.	GOOD GOVERNANCE, SOCIAL SERVICES DELIVERY AND GENDER ISSUES	13
	A. Good governance	13
	B. Social services delivery	14
	C. Women's participation in development	14

BACKGROUND AND OBJECTIVES OF THE MEETING

1. In its resolution 52/187 of 18 December 1997, the General Assembly decided to convene the Third United Nations Conference on the Least Developed Countries (LDC-III) at a high level in the year 2001 to assess the results of the Programme of Action during the 1990s at the country level; to review the implementation of international support measures, particularly in the areas of official development assistance, debt, investment and trade; and to consider the formulation and adoption of appropriate national and international policies and measures for sustainable development of the least developed countries and their progressive integration into the world economy. The General Assembly accepted the offer of the European Union to host the Conference, which will be held in Brussels during the period 13 to 20 May 2001.

2. In the same resolution, the General Assembly decided to convene the meeting of the Intergovernmental Preparatory Committee (IPC) in two parts, to be preceded by three expert-level preparatory meetings (one for English-speaking African LDCs, one for French-speaking African LDCs and the Americas, and one for Asian and Pacific LDCs). Pursuant to this resolution, the Expert-level Preparatory Meeting for the English-speaking African LDCs was held in Addis Ababa during the period 27-29 March 2000.

3. The main objective of this Meeting was to undertake a review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s, as well as to provide substantive inputs to the country-level preparatory process and on the main issues to be addressed by the IPC meetings and the Conference itself.

4. The Meeting was attended by participants from the following nine countries: Burundi, Ethiopia, Gambia, Lesotho, Liberia, Malawi, Sierra Leone, Uganda and United Republic of Tanzania. The following United Nations offices and bodies were represented at the Meeting: Office of the Special Coordinator for Africa and the LDCs; UNDP; and UNECA. The following specialized agencies were represented: ILO and WIPO. The following intergovernmental organizations were also represented: OAU/AEC; the European Commission; and the Common Fund for Commodities.

5. The Meeting was opened and addressed by H.E. Mr. Mekonnen Manyazewal, Vice Minister, Ministry of Economic Development and Cooperation, Ethiopia. The Vice Minister reviewed the implementation of the past two Programmes of Action for the Least Developed Countries adopted in 1981 and 1990 respectively. He noted the dismal performance of the two Programmes of Action in addressing the fundamental development problems of the LDCs. For example, the number of LDCs increased from 31 in the early 1980s to 48 in the 1990s. Weak domestic capacities remain key impediments to international competitiveness, which has become critical in a globalizing world economy. In addition, the overall external environment has remained difficult. In particular, world commodity markets in terms of prices and access have been unstable, and official development assistance has sharply declined. The external debt burden has worsened, thus compromising adjustment and development efforts. He suggested that the Meeting should seek answers to the following core issues:

- Commodity dependence and export instability;
- Problem of access to international markets;
- Problem of attracting FDI;
- The decline of official development assistance;
- Continued difficulties with external debt and lack of progress in implementing debt reduction measures.

6. Other statements at the opening session were made by the following: Ms. Anna Kajumulo Tibaijuka, Executive Secretary, Third United Nations Conference on the Least Developed Countries; Mr. Samuel Nyambi, Resident Coordinator, Addis Ababa; Mr. J. Thisen, OIC, ESPD, ECA; Mr. Etim Akpan, Director, EDECO, OAU; Mr. Francisco Granell, Chief, Adviser, European Commission; Ms. Yvette Stevens, Special Coordinator for Africa and LDCs (OSCAL), United Nations, New York.

7. The meeting elected Mr. Mohamed Djemel, Chairman, National Preparatory Committee for LDC III in Ethiopia and Mr. Vincent Mayiga, Principal Commercial Officer, Uganda as Chairman and as Rapporteur of the Meeting respectively.

I. REVIEW OF PROGRESS MADE IN THE IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE 1990s

A. Global level

8. In considering this item, the meeting had before it the 1999 Least Developed Countries Report, which included a chapter on a preliminary assessment of progress made in the implementation of the Programme of Action. The Meeting also took note of the Plan of Action of UNCTAD X as it relates to this issue (TD/386).

9. The Meeting felt that the Programme of Action had failed to address the development problems of LDCs and to deliver the desired results. In this connection, the Meeting noted the failure to meet the ODA target of 0.15 per cent of donor's GNP and the Programme's deficiency in respect of consultative mechanisms with development partners, essential for resource mobilization. Another major shortcoming was the inability to translate the global programme into action programmes at the country level that were amenable to implementation. In addition, implementation was further complicated by the ongoing processes of globalization and liberalization and by the many uncoordinated policies and strategies that were pursued under different cooperation programmes with development partners.

B. Country level

10. The Meeting noted that, at the national level, the development of African LDCs has continued to be constrained by shortcomings in physical infrastructure and human resources

development, low levels of domestic resource mobilization, shortcomings in macroeconomic policy design and management, and severe socio-economic consequences of local or regional conflicts. In addition, keeping the countries' ownership of the development agenda remained one of the most difficult challenges in the 1990s as a result of the implementation of various reform initiatives associated with external assistance. Countries devoted disproportionate efforts to economic reform to attain macroeconomic stability at the expense of long-term structural transformation of their economies.

C. Regional level

11. The Meeting considered that national-level programmes had not given sufficient attention to regional cooperation aspects. In this respect, the potential impact of regional integration and multinational projects on national development was not fully realized. Well-articulated strategies to link national development and regional integration efforts are needed. The discussion on regional integration further stressed the need to give due consideration to the role of regional economic communities (RECs) as building blocks in the process of achieving the objective of the Abuja Treaty establishing the African Economic Community. External support for this process has been weak and needs to be strengthened, especially with regard to institutional mechanisms for managing integration. The LDCs ought to be given flexibility so as to cope with the adverse effects of liberalization as they participate in integration arrangements with stronger economies and in multilateral rules governing integration.

12. The LDCs can also considerably facilitate the course of integration through actions that allow wider participation of the population in advancing the objectives of RECs. In this way the integration process will be seen as a truly community undertaking and not merely the business of Governments. On the other hand, members of RECs have to judge the costs and benefits of participating in different integration groups with a view to rationalizing the overlapping objectives of these bodies, which is essential to ensure cohesiveness and unity of purpose. In this vein, recognition was given to the need to reconcile the narrow concept of national borders and sovereignty with the wider political and economic objectives underpinning the establishment of the African Economic Community and to bridge the gap between the two.

13. In view of the disappointing results of the implementation of the Programme of Action, the Meeting was of the view that it should be a matter of priority to examine in a comprehensive manner the reasons for the failure of past efforts by both the LDCs and their development partners to address the critical development problems facing LDCs. Such an examination is critical if the new Programme of Action to be adopted by LDC-III is not to face the same fate as the previous Programmes. In this respect, the Meeting welcomed the plans of the Conference secretariat to establish a high-level evaluation team for this purpose.

II. COUNTRY-LEVEL PREPARATIONS AND PRESENTATION OF GUIDELINES FOR NATIONAL PROGRAMMES OF ACTION

14. After presentation of draft guidelines by the secretariat, participants discussed various aspects pertaining to the content of the guidelines. Clarifications were also given on a number of issues. It was, for instance, made clear that some of the deadlines, in particular the meeting of

the IPC, indicated in the Guidelines had been fixed by the United Nations General Assembly and therefore imply that the preparation of the national action programmes has to be completed on time.

15. In this context, the Executive Secretary of the Conference appealed to the countries which had not yet done so to accelerate the process of recruiting the national resource persons and setting up the National Preparatory Committees (NPCs). It was observed that in many countries most basic documents relevant to the action programmes already exist. Nonetheless, the information in these documents will need to be recast to reflect the requirements of the guidelines and to cover the period of 10 years. A good example of existing documents is the Poverty Reduction Strategy Paper that is under preparation in several LDCs.

16. The meeting was informed that the EU representatives and the UNDP coordinators had been requested by their respective capitals and headquarters to facilitate the work of preparation of the action programmes at the national level. They had in their great majority shown extraordinary cooperation on this matter. Nonetheless, the secretariat would continue to sensitize them and would intensify contacts with the NPCs and the resource persons to ensure that the action programmes were finalized on time.

III. FINANCING GROWTH AND DEVELOPMENT IN AFRICAN LDCs

A. General discussions

17. A special presentation was made on this subject, followed by participant's discussions. The presentation paper raises key pertinent issues that could form the Agenda of the Brussels Conference.

18. The paper on "Financing development in African LDCs" was enthusiastically received, as it provided an in-depth analysis of sub-Saharan Africa financing and development problems. It raised fundamental questions about the development strategies embraced hitherto and the financing mechanism applied. It was considered to be a thought-provoking piece that perhaps should be developed into one of the major theme papers of the Brussels Conference in May 2001.

19. It was observed that the overall results of about 50 years of development finance, with special attention focused on Africa and the LDCs, are disappointing. Only Botswana has graduated from the category of LDCs, while the number of African LDCs has increased. Real per capita income for a median LDC was lower in 1999 than in 1979, and poverty has remained pervasive and severe. And the burden of debt has grown heavier. All this has happened despite a series of reforms. African resource needs for development are therefore enormous. Yet external aid has fallen by 24 per cent in the 1990s, and the future of ODA is not too bright. In the meantime, the international relations framework is changing fast, with globalization and liberalization adding more strains. The Meeting agreed that the nature of development financing cannot remain the same, in view of all these changes and the intensifying development constraints.

20. One of the topics of the discussion was the leakages which economies are undergoing. The following leakages were highlighted:

- Terms-of-trade losses offsetting 70 per cent of ODA
- Loss of market shares: $68 bn. p.a. during 1970-1997
- Debt service averaging 19 per cent of exports
- Capital flight estimated at $225 billion (1980-1992)
- The brain drain: 30,000 p.a. compounded by HIV/AIDS.

21. It was clear at the meeting that several "big push" efforts such as the United Nations Programme of Action for African Economic Recovery and Development (UNPAAERD), the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF), Structural Adjustment Programmes (SAPs), Special Programmes of Assistance (SPAs) and even the Heavily Indebted Poor Country (HIPC) Initiative have largely failed or have not yet fully achieved their objectives. It was pointed out that deep-rooted structural traps have remained intractable and do not respond to "quick fixes". These problems may include geographical and demographical problems, poor institutional set-ups, ethnic tensions (18 African LDCs have been involved in armed conflicts since independence) and weak, often dualistic, product markets. A number of LDCs have also suffered from recurring natural disasters.

22. As for the financing mechanisms that have been applied and the "big-push" rubric cited above, they have been judged either inadequate or inappropriate. Low domestic saving ratios have been common in most African LDCs. Development aid has been overloaded with many conditionalities that adversely affect its disbursement and use. The Meeting noted that about 40 per cent of aid is used for technical assistance and 30 per cent for humanitarian assistance, thus leaving 30 per cent only devoted to development. The need to improve aid management effectiveness was emphasized.

23. In order to make aid work better than in the past, the following were suggested:

- Continue to improve the policy environment so as to attract new investment, both domestic and foreign, as a supplement to ODA.
- Address countries' indebtedness more seriously by embarking on outright debt cancellation.
- Allow countries to choose their own priorities vis-à-vis programmes to combat poverty.

- Address the fundamental traps of economies, especially structural vulnerability, to emphasize, for example, diversification of the production structure and export competitiveness.

- Focus attention on regional and subregional markets.

24. The Meeting underlined the fact that even with increased external aid, which is vital, sufficient attention should be paid to domestic resource mobilization. Other important measures should address the capital flight and brain drain issues.

25. The Meeting cautioned against paying exclusive attention to reducing poverty without giving equal or even initial priority focus to enhancing high growth. This question has profound implications in terms of what aid finances and calls for careful analysis so as to prioritize and set proper sequencing of programmes for deploying the limited resources that a specific country is likely to receive. In most African LDCs, perhaps a major judicious use of aid could be primarily to invest in making existing capacities more productive (i.e. roads, irrigation schemes, factories etc.).

26. It was argued that this approach could explain the high growth rates that countries like Uganda, Mozambique, Guinea-Bissau and Rwanda attained in the 1990s. Their economies are recovering and thus rising from lower levels of growth to reach their former capacity utilization frontiers. However, as these frontiers are reached, moving to higher frontiers becomes more difficult and requires larger and new types of infusion of finance, as well as rearranged priorities with regard to what mobilized resources can finance.

27. As to the question of tackling the unemployment problem as part of the battle against poverty, the discussion concluded that it is indeed possible to address the need for creating employment, including labour-intensive jobs, while at the same time aiming to achieve high growth rates in the economy. It is not realistic to assume that in an environment of massive poverty and unemployment, the creation of labour-intensive jobs can be sustained over a long period if the economy is not expanding fast enough.

28. During the discussions on the United Republic of Tanzania and Uganda case studies, two points were emphasized: (a) sustained high growth rates in an economy cannot be realized without substantial transformation of the economy and sufficient injection of external resources; (b) eradication of poverty and growth are not necessarily mutually exclusive, but growth is a prerequisite for poverty reduction.

B. Suggestions

29. In concluding the discussions on the subject of financing development in African LDCs, the Meeting summarized the issues and suggestions that could form the agenda for restructuring development finance in the future as follows:

- Intensify the reforms to render domestic economies more attractive to investment, including the inducement of the return of flight capital and attracting substantial FDI.

- Undertake further institutional and policy reforms to mobilize domestic savings and raise government revenue.

- Eliminate waste in government spending.

- Diversify production and particularly expand exports and reverse the loss in global market shares.

- Devise special programmes to deal with the flight of capital.

- Pool regional resources to produce substantial synergies and the economies of scale that are provided in a large market.

- Carry out reforms to refine the principles underlying aid delivery by enhancing ownership, selectivity, participation and partnership.

- Above all, increase ODA in real terms by benefiting from the fiscal and growth boom in developed countries, by sharing the peace dividend, and by cancelling debt.

- Supplement aid with unconditional access to OECD markets.

IV. TRADE ISSUES, MARKET ACCESS AND SUPPLY CAPACITY OF AFRICAN LEAST DEVELOPED COUNTRIES

30. The discussions on this subject were based on a background paper on "Trade issues, market access and supply capacity of the least developed countries". The issues discussed fell under the following headings:

- Demand-side constraints affecting exports of African LDCs.

- Supply-side constraints affecting trade and competitiveness of African LDCs.

31. In introducing the background paper, the consultant concerned highlighted the fact that the poor trade performance of LDCs in global trade in the last two decades is a reflection of supply- and demand-side constraints affecting their trade and competitiveness and made recommendations in this regard.

A. Demand-side constraints

32. During the discussions, the Meeting noted that several factors contribute to the poor participation of LDCs in international trade and hamper their beneficial integration into the global economy. The Meeting noted that while removing supply bottlenecks is critical,

improved market access conditions can impart strong impetus to this effort. In this context, the meeting stressed that bound, duty-free and quota-free market access for all products originating in the LDCs will provide a significant and predictable trade environment in global markets which could inspire investor confidence and hence boost productive investment in the LDCs.

33. The Meeting further noted that a number of LDCs have experienced market access problems, as shown by country-specific presentations made during the discussions. These specific cases were indicative of the uncertainty and unpredictable nature of barriers affecting exports of African LDCs which invariably lead not only to loss of customers but also to law investor confidence and hence reduced export revenue and even closure of production units in affected LDCs. The Meeting noted in this connection the cases cited by Uganda and the United Republic of Tanzania with respect to invocation of sanitary and phytosanitary measures (SPS) by the European Union against exports of fish and fish products which were found not justified on scientific grounds and had to be withdrawn. Similar cases were cited in connection with the imposition of SPS on exports of live animals by Ethiopia and on exports of shrimps from Madagascar. Fruits, vegetables and other food exports from many LDCs have suffered a similar fate in major destination markets. Protectionist environmental measures and technical standards have also negatively affected exports from LDCs. LDCs' non-participation in international standard-setting bodies due to limited human and financial resources was also viewed as a disadvantage. Contingency protection measures in the form of anti-dumping duties, though not yet widely applied to LDCs, have affected textile exports from one LDC so far, and thus there are no guarantees that similar measures will not be applied to LDCs in the future, especially when their market share or competitive strength improves.

34. The Meeting highlighted other equally important measures that affected export demand in global markets, such as the rules of origin of preferential schemes, which were too complex and therefore have not only hampered their optimum utilization and market access opportunities but also industrialization of the LDCs.

35. The Meeting viewed the above measures to be inconsistent with the international community's declared commitment to integrating the LDCs into the global economy and reflected policy incoherence on the part of LDCs development partners towards efforts to achieve this objective.

B. Supply-side constraints

36. The Meeting underscored that the LDCs' poor performance in world trade is a result of their weak productive capacity and competitiveness resulting from a host of structural and other supply-side constraints. The Meeting noted that public policy in LDCs plays an important role in addressing supply-side constraints. Macro-economic policies, in particular stability and predictability, are essential in this respect, but sectoral and micro or firm level policies are also necessary to facilitate the development and sustain the competitiveness of productive capacity in specific sectors. The analysis and policy measures included in the 1999 Least Developed Countries Report, were considered of particular importance in this regard.

37. The Meeting further stressed that the ultimate solution to the problem of low productive capacity and competitiveness in LDCs lies in the structural transformation of LDC economies. Enduring transformation requires the creation of integrated national economies characterized by increased specialization and growing interdependence among sectors. It is such a transformation that will create linkages between industry and agriculture, and thus engender efficient and diversified production and exports and increase the manufacturing value-added of LDC export trade. LDCs and their development partners need to focus attention and resources on those areas that will enhance the internal linkages and therefore the integration of LDC economic sectors.

38. The Meeting benefited from intensive discussions and also from the country experiences of Uganda and Ethiopia and agreed that a number of factors contribute to the critical supply constraints and weak export competitiveness of LDCs:

39. At the national level, the following factors were identified:

- Poor physical infrastructure
- Unstable and unpredictable macroeconomic policy conditions
- Undiversified export structure
- Low domestic savings
- Low technological and IT capacities
- Lack of access to credit
- Low investment in utilities, water, electricity and telecommunications
- Absence of a trade policy framework supportive of competitiveness
- Under-utilization of installed production capacity due to outdated production facilities
- Inadequate human resources development (health, education).

40. With regard to factors at the regional level, the Meeting recognized that strengthening regional trade arrangements is not an option but a necessity in the efforts of the African LDCs to gradually integrate into the global economy. However, the Meeting also recognized that the share of intra-African trade in LDCs' total trade is still insignificant. This is due to the fact that African LDCs to a large measure produce what they do not consume and consume what they do not produce. There is, however, a great potential to increase LDCs' trade not only in goods but also in services. This is a prerequisite for making progress in liberalizing the movement of natural persons and capital in order to exploit economies of scale and expanding regional markets. It is important that multilateral trade rules governing regional trading agreements are supportive of regional integration efforts and provide flexibility to African LDCs in adjusting to

more competitive trade regimes under these arrangements. Supply of foreign markets could also be promoted on a regional basis through regional bodies, as is being done in CARICOM under the CARICOM Export Development Agency (CEDA).

41. The Meeting noted that the ACP Group is in the process of establishing, with the support of European Union, an office in Geneva to provide support to the ACP member States in trade negotiations in the WTO.

42. At the global level, the following factors were identified as major constraints:

- The debt burden, which constitutes a bottleneck for supply capacity building
- Lack of technology transfer, the importance of which has been recognized in the TRIPs Agreement (Art. 66.2)
- Policy incoherence in both national policies of development partners and policies of multilateral and international financial institutions, e.g. trade measures, debt relief measures and multilateral trade rules.

C. Suggestions

43. The following sum up the main suggestions arising from the discussions:

- Guaranteed, secure and predictable market access by means of bound, duty-free and quota-free entry for all products originating in the LDCs.
- Policy coherence on the part of development partners in their responses to the market access and supply capacity concerns of LDCs.
- Adoption by LDCs of trade policy frameworks in the context of both regional and global opportunities and constraints.
- Creation of conducive macroeconomic conditions to overcome supply-side constraints.
- Intensified support for LDCs' efforts to diversify their export structure and export markets through horizontal and vertical diversification of their commodity exports and market development.
- The need for regional cooperation among LDCs in developing capacity to meet sanitary, phytosanitary and other standards and requirements, as well as technical assistance for the LDCs in terms of both equipment and training to cope with conformity and risk assessment procedures to meet these requirements.
- Giving the Integrated Framework for Trade-related technical Assistance for LDCs new impetus to achieve its objectives.

- Due emphasis on issues such as transfer of technology, intellectual property protection for traditional knowledge and folklore and other cultural goods and services, including geographical indications, as well as the problem of net food-importing developing countries in WTO trade negotiations, taking into account the LDCs' proposals already submitted to the WTO.

- Intensification of support for building capacity in LDCs to undertake multilateral trade negotiations and ensuring adequate representation in WTO.

- The need for multilateral trade rules governing regional trade arrangements to be supportive of regional integration efforts and adequate flexibility for the African LDCs in adjusting to more liberalized and competitive trade regimes under these arrangements.

- The need for WTO to facilitate accession to WTO of LDCs seeking to accede without asking them to assume obligations or commitments that go beyond what is applicable to existing WTO LDC members.

V. GOOD GOVERNANCE, SOCIAL SERVICES DELIVERY AND GENDER ISSUES

A. Good governance

44. The Meeting reviewed the question of good governance from the democratic and economic management perspectives, in the context of sustained growth and sustainable development in African LDCs and within the broader context of a number of global, structural, institutional and socio-cultural factors. It was observed that governance is the exercise of economic, political and administrative authority in the management of a country's affairs at all levels. It includes policy ownership, the right to development, sound economic management, and accountability and transparency in public affairs, among others. Although there is no empirical evidence directly linking economic development and social progress to democratic governance, there was convergence that political and policy stability, underpinned by institutions of democratic governance and appropriate external environment, can contribute to improved socio-economic performance.

45. The democratic transitions under way in several African LDCs are aimed at creating democratic institutions, plurality of the political system, public sector reform and participation in economic and political processes by marginalized groups such as women and civil society. The prospects for the consolidation and sustainability of the transitions could be undermined unless accompanied by increased resource flows and general improvement of the external economic environment. Moreover, it is also recognized that economic growth cannot be sustained on a long-term basis without focusing on poverty reduction and equitable distribution of the benefits from growth.

46. The Meeting noted the proposals made in the background paper on these issues.

B. Social services delivery

47. The Meeting noted that, in Africa in general and LDCs in particular, the state of social services is still characterized by large-scale deprivation, particularly in rural areas, which account for more than 75 per cent of the total population. Only 36 per cent of rural children of primary school age are enrolled in primary education and only 37 per cent are literate. Access to sanitation and piped water is limited to 45 per cent and 19 per cent of the rural population respectively.

48. One of the reasons for the high incidence of human deprivation in Africa is the low capacity of the public sector to provide resources for the social sectors and utilize them efficiently. According to ECA, on average an African country spent, in 1999, only 3.6 per cent of its GDP on education and 1.6 per cent on health. It is therefore obvious that significant investment in the social sector is required. Implementation of the commitments of the Copenhagen Summit for African countries should entail a substantial increase in public resources to expand education and health services. This is even more urgent in the case of war-torn countries, which require substantial assistance to accelerate the reconstruction process. Given the resource constraints, Governments may have to devise ways and means, including reallocation, of enhancing the efficiency of resources devoted to education and health services. It can be inferred from the evidence on the state of human deprivation and the efficiency of public resources that the social goals set at the Copenhagen Summit are beyond the means of LDCs, given the low rate of growth in their overall economy. LDCs therefore have to look for additional sources of funding in order to realize these goals.

49. Some countries have made efforts to fulfil the 20/20 Initiative in respect of Basic Social Services. However, donors in particular are lagging behind in providing 20 per cent of their ODA in support of social services. Accordingly, greater efforts should be made to meet the goals of the 20/20 Initiative in respect of Basic Social Services.

C. Women's participation in development

50. The Meeting emphasized the importance of appropriate measures to fully mobilize and involve women, both as agents and beneficiaries of the development process. The Meeting noted also that, since the first International Conference on Women in 1975, several approaches have been adopted to raise the world's consciousness of women's needs and concerns on the global development agenda. The need to assist women by integrating them into the development process was until recently tackled through the approach known as "Women in Development", through which actions were undertaken nationally and internationally to propel women into the productive sector. That approach, which was characterized as a "remedial approach", does not seem to have succeeded in improving drastically the conditions of women in the world and in particular LDCs, as women continued to be marginalized.

51. That approach and emphasis are being changed to that of mainstreaming. This means integrating women into all spheres and areas of economic, social and political life, leading to a shift in emphasis to gender and development. This, unlike the previous approach, seeks to base interventions on the analysis of women's and men's roles and needs in an effort to improve women's position in ways that will benefit and transform society as a whole.

52. The Meeting noted the measures being undertaken by ECA in this area.

CLOSING OF THE MEETING

53. At the final session, on 29 March 2000, Mr. Mohamed Djemel, Chairman of the Meeting, declared the Meeting closed.

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Item 3 of the provisional agenda

REPORT OF THE EXPERT-LEVEL PREPARATORY MEETING FOR THE ASIAN AND PACIFIC LDCs

Held in Kathmandu, Nepal,
from 3 to 5 April 2000

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CONTENTS

		Page
I.	Background and objectives of the Meeting	3
II.	Organization of the Meeting	3
III.	Inaugural session	4
IV.	Substantive sessions	5
	(a) Review of progress in the implementation of the Programme of Action for the LDCs for the 1990s	5
	(b) Country-level preparations and presentation of guidelines for national programmes of action	7
	(c) Financial growth and development in LDCs in Asia and the Pacific	8
	(d) Trade, market access and supply capacity in LDCs in Asia and the Pacific	10
	(e) Good governance, stability and integrated national development in LDCs in Asia and the Pacific	12
	(f) Social services delivery in LDCs in Asia and the Pacific	13
V.	Adoption of the report	15
	Annex	
	Agenda of the Meeting	16

I. Background and objectives of the Meeting

1. The United Nations General Assembly, in its resolution 52/187 of 18 December 1997, decided to convene the Third United Nations Conference on the Least Developed Countries (LDC-III) at a high level in 2001. The mandate of LDC-III is: (i) to assess the results of the Programme of Action during the 1990s at the country level; (ii) to review implementation of international support measures, particularly in the areas of official development assistance, debt, investment and trade; and (iii) to consider the formulation and adoption of appropriate national and international policies and measures for sustainable development of the least developed countries and their progressive integration into the world economy. The Conference will be hosted by the European Union in Brussels from 14 to 20 May 2001. The first meeting of the Intergovernmental Preparatory Committee (IPC) of the Conference will be held in New York during the period 24-28 July 2000 and the second meeting in the first quarter of 2001.

2. As part of the preparatory process, the General Assembly also decided, in the same resolution, to convene three regional expert-level meetings (two in Africa and one in Asia). Pursuant to this, the regional expert-level preparatory meeting for LDCs in the Asia-Pacific region was organized jointly by UNCTAD, His Majesty's Government of Nepal, and UNDP in Kathmandu during the period 3-5 April 2000. The main objective of the Meeting was to undertake a review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s, as well as to provide substantive inputs to the country-level preparatory process and on the main issues to be addressed by the IPC meetings and the Conference itself.

3. The UNCTAD secretariat prepared five substantive background papers for the Meeting on the following topics: (i) financing growth and development in LDCs; (ii) trade issues, market access and supply capacity for goods and services; (iii) social services delivery; (iv) good governance, stability and integrated national development in LDCs; and (v) guidelines for the preparation of the action programme for development at country level. These were supplemented by country presentations on each of the topics.

II. Organization of the Meeting

4. The agenda of the Meeting as adopted is attached as the annex.

5. The Meeting elected the following members of the Bureau by acclamation:

Chairman:	Mr. Iftekhar Ahmed Chowdhury (Bangladesh)
Vice-Chairmen:	Mr. Alounkeo Kittikhoun (Lao People's Democratic Republic)
	Mr. Shankar P. Sharma (Nepal)
Rapporteur:	Ms. Noumea Simi (Samoa)

6. The Meeting was attended by experts from: Bangladesh, Bhutan, Cambodia, Kiribati, Lao People's Democratic Republic, Maldives, Myanmar, Nepal, Samoa and Vanuatu. Other participants included representatives of the South Asian Association for Regional Cooperation (SAARC), the European Union (EU), the European Commission (EC), the Canadian Centre for International Studies and Cooperation (CECI), the Canadian International Development Agency (CIDA), the Swedish International Development Agency (SIDA), and representatives of the United Nations Department of Economic and Social Affairs (DESA), the Economic and Social Commission for Asia and the Pacific (ESCAP), the United Nations Development Programme (UNDP), the United Nations Industrial Development Organization (UNIDO), the Office of the United Nations High Commissioner for Refugees (UNHCR), the World Food Programme (WFP), the International Telecommunication Union (ITU), the International Trade Centre (ITC), the World Bank, and the Asian Development Bank (ADB). The Meeting was attended by a large number of participants from the host country.

III. Inaugural session

7. The Meeting was inaugurated by the Hon. Mr. Ramkrishna Tamrakar, Minister of Industry and Commerce of His Majesty's Government of Nepal. In his inaugural address, he referred to the results of UNCTAD X and stated that globalization and interdependence had added new urgency to growth and development through increased trade liberalization, investment flows, and advancement in technology. This poses significant challenges for LDCs, since implementation of international support measures, including ODA flows and efforts to tackle debt problems, have been far below expectations.

8. He emphasized the particular constraints faced by landlocked least developed countries, which confront added difficulties in competing at the international level. It is paramount that multilateral agencies and industrialized countries share the responsibility for providing the required support.

9. He emphasized that globalization must aim at freeing humanity from the state of poverty as well as from the fear of exploitation. The debt problem is a serious obstacle in the pursuit of economic and social development. The initiative taken by the G-7 countries in Cologne should be extended to provide total debt relief for all LDCs. ODA remains a critical source of financing for development in LDCs. The declining trend in ODA should be reversed. He also emphasized the importance of unrestricted market access and improving the supply capacity of LDCs.

10. Statements were also made at the inaugural session by: Mr. Shankar Sharma, Nepal; Mr. Mario Ferrucci, EC; Mr. Aynul Hasan, ESCAP; Mr. Henning Karcher, Resident Representative of UNDP, Kathmandu; and Mrs. Anna Kajumulo Tibaijuka, Special Coordinator for Least Developed, Land-locked and Island Developing Countries (UNCTAD) and Executive Secretary of LDC-III.

IV. Substantive sessions

11. The work of the substantive sessions of the Meeting are summarized below.

(a) Review of progress in the implementation of the Programme of Action for the LDCs for the 1990s

12. From the early 1970s, the international community started articulating its concerns over the deteriorating socio-economic situation in the LDCs. It recognized that, if LDCs were left to themselves, their economic growth and development would not only be halted but would slide backward, leading to their increasing marginalization in the global economy. To reverse this situation and put the LDCs on a path to sustained and accelerated growth and development, the international community adopted two Programmes of Action for the LDCs: the Substantial New Programme of Action for the 1980s (SNPA) and the Programme of Action for the 1990s. Both programmes, by and large, had similar orientations in that they encompassed domestic policy measures to be implemented by LDCs themselves, with the international community providing complementary external support. The Programme of Action for the 1990s, however, has additional distinctive features in that it calls for a broad-based human-centred approach to development in the LDCs, including environmental concerns, participatory processes, transparency at all levels of decision-making, respect for human rights and observance of the rule of law. The Programme outlines measures to address supply-side constraints, expand and diversify LDCs' productive bases, strengthen their competitiveness in trade and improve access for their exports in the world market.

13. The Programme of Action for the 1990s addresses the multifaceted development problems of LDCs, in particular the deterioration in their socio-economic situation, and proposes remedial action on the basis of the principle of shared responsibility and strengthened partnership with the objective of revitalizing their growth and development. The main partners in this undertaking are the Governments of LDCs and their development partners (that is, the international donor community). LDCs have the primary responsibility for their own development, including the definition and implementation of appropriate policies on a participatory basis. The international donor community is to provide adequate resources in support of those policies and to improve the quality of that assistance while matching it closely with the needs of the countries concerned.

14. Five priority areas are identified in the Programme of Action for the 1990s for action by LDC Governments in their efforts to address their development problems and fight poverty: putting in place a macroeconomic framework to create a favourable environment for sustained economic development; development of human resources through a participatory approach, underscored by social justice and respect for human rights; undertaking a more effective environmental management approach in order to reverse degradation and attain a more sustainable use of natural resources, while taking more effective action to deal with natural disasters; pursuit of rural development within an integrated framework aiming at raising productivity in agriculture, enhancing food security, boosting rural incomes by promoting off-farm activities, and improving the quality of rural services; and creating a more diversified

productive sector driven by private initiative and efficient public enterprises, a high level of regional cooperation, enhanced access to international markets and coordinated international action in support of commodities.

15. The international donor community, for its part, undertook to provide LDCs with substantially increased external support to complement LDCs' own efforts. In this regard, a menu of ODA targets was established. A commitment was made to strengthen efforts on the international debt strategy to ensure a growth-oriented solution to the debt overhang of LDCs. LDCs' development partners also pledged to improve the international economic climate in a way that would facilitate the integration of those countries into the global trading system and enable them to reap the benefits of trade expansion. Competent NGOs were also called upon to work with LDCs and the international donor community to attain the objectives of the Programme of Action.

16. In considering this item, the Meeting had before it the Report of the High-level Meeting on the Mid-term Global Review of progress in the implementation of the Programme of Action for the LDCs for the 1990s (A/50/745), the Least Developed Countries 1999 Report, which includes a chapter on a preliminary assessment on progress in the implementation of the Programme of Action, and the report of the Secretary-General to the General Assembly on progress in the implementation of the Programme of Action. The Meeting also benefited from the agreed conclusions and recommendations adopted at the annual reviews of progress in the implementation of the Programme of Action for the LDCs for the 1990s by the UNCTAD Trade and Development Board on this subject, relevant General Assembly resolutions, and the declarations adopted by Meetings of Ministers of least developed countries in different global forums. The Meeting also took note of the recent assessment by UNCTAD X on this issue (TD/386).

Implementation of the Programme of Action

17. The Meeting noted that a key issue to be addressed by LDC-III is why the Programme of Action for the 1990s did not succeed in addressing the development problems of LDCs and in delivering the desired results. The question has to be asked whether the poor performance of LDCs in the 1990s was a result of inadequacies in the implementation of the commitments undertaken in the Programme of Action, including monitoring and follow-up, or deficiencies in the key elements of the Programme itself. Since the adoption of the Programme of Action in 1990, there have been major political, economic and technological developments at the global level such as the end of the cold war, acceleration of the twin processes of globalization and liberalization, and the emergence of information and communication technology as a major factor shaping global economic developments. The LDCs faced, during the 1990s, an adverse external environment in general, and in particular as relates to ODA and debt. The advent of a rule-based multilateral trading system did little to augment their export trade and earnings. A significant number of LDCs have suffered from natural and man-made disasters during the decade, with severe socio-economic consequences.

18. Against the above backdrop, the Meeting was of the view that the implementation of the Programme of Action has fallen short of expectations. The Meeting recalled the assessment by

the High-level Meeting on the Mid-term Global Review held in New York in 1995 and considered it valid at the end of the decade: "the requisite progress has not been made in most LDCs during the first half of the 1990s in realizing the overall objective of the Programme of Action, although some progress has been recorded in a number of LDCs as a result of the implementation of appropriate policies. Furthermore, the ongoing processes of economic globalization and liberalization are likely to have profound consequences for the future development of the LDCs. These processes, which offer great opportunities for growth and development, also entail risks of instability and marginalization. LDCs as a whole have made limited progress in overcoming structural constraints, infrastructural insufficiencies, debt overhang, promoting and diversifying the enterprise and export sectors, attracting foreign investment and creating a sufficient technological base. In this context, most of the LDCs will face globalization and liberalization from the situation of a constrained environment" (A/50/745, para. 10).

19. The Meeting expressed the view that, in the second half of the 1990s, the development problematic of LDCs was accentuated even further. In fact, participants in UNCTAD X noted that the external environment facing LDCs remained difficult: their share in world trade remained extremely low and their economies continue to be vulnerable to instability in commodity markets; ODA flows continued to decline and few donor countries met or surpassed the United Nations targets; LDCs attracted an insignificant share of FDI going to developing countries; and the LDCs' external debt burden continued to be unsustainably high, amounting to about 90 per cent of their combined GDP (see TD/386, para. 26).

20. Turning to the experience of LDCs in the Asia-Pacific region, the Meeting noted that development in these countries continued to be constrained by shortcomings in physical infrastructure and human resources development; low-levels of domestic resource mobilization; gaps in macro-economic policy design and management; severe socio-economic consequences of local or regional conflicts afflicting a number of them; a generally disappointing performance in the agricultural and the rural sector; and lack of appropriate policies and legal and institutional frameworks for promotion of private entrepreneurship.

21. The above was considered by the Meeting a reflection of disappointing results in the implementation of the Programme of Action. It is a matter of priority to examine in a comprehensive and realistic manner the reasons for the failure of past efforts by both the LDCs and their development partners to address the critical development problems facing LDCs. Such an examination is critical if the new Programme of Action to be adopted by LDC-III were not to face the same fate of the previous Programmes. In this respect, the Meeting noted the plans of the Conference secretariat to establish a high-level evaluation team for this purpose.

(b) Country-level preparations and presentation of guidelines for national programmes of action

22. The Meeting noted that an important aspect of the preparatory process at the country level would involve preparation of a country-level action programme for each LDC for the

period 2001-2010. The global programme of action for the LDCs to be adopted at the Brussels Conference is expected to draw significantly upon these documents. To be useful, the country-level action programmes should be of high quality in terms of their contents and presentation. The guidelines prepared by the UNCTAD secretariat (A/CONF.191/IPC/5) were intended to assist the LDCs in this regard. The guidelines are not intended to make all presentations uniform and identical. The priorities and programme of each country would depend on country-level circumstances and specificities, though there are some common structural weaknesses and systemic problems that affect all LDCs alike. The guidelines, accordingly, are meant to assist LDCs to ensure that such common elements are adequately presented at the country level.

(c) Financing growth and development in LDCs in Asia and the Pacific

23. The background paper on financing growth and development in the least developed countries of Asia and the Pacific was comprehensive and well received. It elaborated on three sources of financing for development: (i) domestic resources generated through savings and production of exportable surpluses; (ii) ODA (concessional loans and grants); and (iii) foreign direct investment and other private external flows. The paper demonstrated trends in resource mobilization in the three areas. Domestic resource mobilization is constrained due to low levels of incomes and savings, while export earnings are constrained by limited access to external markets, the declining prices of exports and supply-side deficiencies. At the same time, there have been setbacks in the availability of external resources, including a decline in ODA flows and an inability on the part of these LDCs to attract FDI and the private flows.

24. Discussions focused mainly on:

- Ways to develop appropriate strategies at the country level in respect of the three sources of development finance;
- How ODA can assist in mobilizing domestic resources;
- How ODA can be a good means of building capacity for attracting FDI;
- How a better global environment can be created to attract FDI in these LDCs;
- How the effectiveness of aid resources can be improved.

Official development assistance (ODA)

25. It was noted with concern that ODA flows to LDCs in Asia and the Pacific had declined during the period 1990-1997 by 29 per cent, and that FDI flows remained small, in spite of the efforts by these countries to reform their economies and provide an enabling environment for foreign investment. In addition, the effectiveness of the use of aid resources continued to be an important issue.

Aid effectiveness

26. Some of the policy recommendations proposed for effective aid utilization related to actions by both recipient and donor countries:

(a) Action by recipient countries

- Allow countries to prioritize aid-funded projects in line with their development strategies;
- Address the issues of human resource development and strengthening of government institutions;
- Good governance and devolution of responsibilities and broad-based participation at the local and national levels;
- Integration of aid-funded projects into the national budgetary process to give a clearer picture of the fiscal implications of aid-funded projects.

(b) Actions by donor countries

- Indicators such as the level of poverty and economic and geographic vulnerability, in addition to per capita income level or GDP growth rate of recipient countries, should be taken into account in determining eligibility for aid;
- Coordination among donors and information-sharing to reduce the transaction cost for recipient countries;
- Promote a sense of national ownership of aid-funded projects.

Debt

27. High levels of debt and debt servicing continue to drain the limited resources of these countries. The debt overhang hampers the adjustment and development efforts of these LDCs. It was observed that while the HIPC initiative is a welcome development towards debt relief, only a few LDCs in this region are being considered for this facility. It was suggested that the debt sustainability analysis should be revisited to include more LDCs. It was noted with concern that in spite of some debt relief, debt servicing in these LDCs continues to increase.

28. As regards the implementation experience of the Programme of Action, with regard to support from the international community to the LDCs, the impact appeared to be weak. In terms of facilitating FDI flows to LDCs, as well as enhancing efficient and transparent use of grants, the experience in the Asia-Pacific LDCs has been mixed; and in terms of provision of external financial support and international debt strategy, the impact seems questionable. However, it was agreed that strong international support measures, including financial, technical and commercial assistance, are of critical importance in influencing the future growth and development of LDCs. The Meeting underscored the urgent need to reverse the current decline

in ODA flows and to give the LDCs priority in aid allocations. Moreover, decisive and early debt relief measures for LDCs would help in releasing the scarce resources for development, and to increase allocations to boost human and social development.

29. The discussion also raised some fundamental issues concerning development, including issues relating to infrastructure development, human resource development, financial reform and good governance. There was consensus that debt constitutes a critical development constraint for the LDCs for the coming decade (2001-2010). It is important to examine the external resource requirements of LDCs in the context of current international discussions on financing for development. In particular, the place of LDCs in the future international financial architecture should be an important issue for consideration in this context.

30. The Meeting noted with concern that, despite positive growth experienced by some LDCs in the Asia-Pacific region, poverty has continued to increase. There is a need to examine ways of mobilizing new and innovative sources of finance to alleviate poverty and achieve sustainable development of LDCs. Also, an important challenge for LDCs is to improve their competitiveness in the globalized and liberalized world economy by overcoming a number of supply-side constraints, and that requires strong external support.

31. A number of policy measures were suggested during the discussion:

- The issue of financial intermediation needs to be addressed in the context of increasing the mobilization of financial resources. In this context, financial sector reform is critical;

- Borrowing and lending rate discrepancies also need to be looked into;

- The area of micro-finance, especially mobilization of domestic resources through traditional savings arrangements (informal financial arrangements), needs to be examined;

- Financial sector reforms must be linked with reform efforts in other sectors;

- There is a need for analysis of financing factors explaining differential economic growth rates between 1990-1995 and the latter part of the 1990s;

- The role and place of LDCs in the international financial architecture needs to be adequately considered.

(d) Trade, market access and supply capacity in LDCs in Asia and the Pacific

32. Participants observed that for most of the LDCs, the opportunities of globalization remain in the realm of possibility rather than realized gains, and the dangers of further marginalization appear to be increasingly real. There was a widespread apprehension that the benefits of globalization will bypass this particular group of countries. This fear is accentuated by the possibility that LDCs might remain at the margin of ongoing transformations brought about by information and communication technologies. Beset with important structural

problems, low supply capacity, poor infrastructure, weak institutions, low levels of domestic and external private and public sector investment, lack of technological upgrading efforts, and a weak state of governance, the LDCs are finding it increasingly difficult to cope with the challenges posed by rapid changes in the global economy.

33. It was also noted that, unless effective global initiatives are put in place, the ongoing process of globalization may result in inequality, deindustrialization and further marginalization of LDCs. The urgent need to design appropriate policies for the LDCs was re-emphasized against the backdrop of the post-Uruguay Round global trading system and the establishment of WTO and ongoing dynamic changes in the nature and pattern of international trade and other economic exchanges.

34. Participants also focused on a number of demand-side considerations, including tariffs (e.g. tariff escalation and tariff peaks, as well as the issue of granting zero tariffs to LDCs' exports); non-tariff and para-tariff barriers; stringent quality and standard requirements, as well as rules-of-origin requirements; and emerging issues of labour standards, child labour, anti-dumping and countervailing duties, etc. They also discussed the issues and constraints faced by LDCs that are in the process of accession to WTO.

35. Participants stressed that, without substantial support from development partners, LDCs' actions alone would not enable them to overcome their continued vulnerabilities arising from the process of globalization and their continued marginalization in the world economy and international trade. Action by donors should include urgent and substantial support to resolve the supply and demand-side constraints faced by LDCs.

36. A number of policy measures were suggested during the discussions:

- LDCs should continue to improve their macroeconomic conditions and sectoral policies in a manner conducive to reaping opportunities of globalization, as well as regional opportunities;

- LDCs should also further intensify their trade diversification efforts, taking into account special and differential measures available to them under the multilateral trade rules, the prospects offered by information and communication technologies, and regional and subregional trading opportunities;

- The development partners should provide substantially increased financial and technical cooperation to mitigate demand and supply-side constraints faced by LDCs. Full and adequate implementation of the Integrated Initiatives for LDCs' Trade Development was emphasized;

- The proposal for granting zero-tariff treatment should be immediately applied and should include all products and services of LDCs;

- Support for LDCs should also include implementation of fast-track accession of LDCs that are not yet members of WTO and strengthened participation of all LDCs in multilateral trade negotiations.

(e) Good governance, stability and integrated national development in LDCs in Asia and the Pacific

37. The Asia-Pacific LDCs are characterized by wide-ranging variations in population, development indicators, geography, natural resource endowments, governance practices, economic, financial and political institutions, technological capabilities, and the influence of government, civil society and the private sector.

38. Notwithstanding such variations, it was considered that, while there is a strong case for wealth creation by stimulating the economy and trade, there is an equally strong case for mobilizing human resources, the ecosystem, productivity and good governance principles. The latter could create additional and proportionally very large wealth, though often non-monetized and in the informal sector.

39. The Meeting recognized that sustainable development involves a dynamic reconciliation of ecological imperatives (i.e. to remain within biophysical carrying capacity), economic development (i.e. to provide adequate material standards of living and services for all citizens) and social development (i.e. to provide a system of governance and decision-making to people to reflect their values and needs). Poverty alleviation, temporal equity (in terms of inter- and intra-generational considerations) and spatial equity (in terms of inter and intra-national dimensions) are inherent issues in the process.

40. It was also stressed that, for wealth creation, the economic cycle of production, commodities transformation and value adding leading to trade and services is the dominant mode. The new economy based on knowledge and electronic business capitalization offers new potential as well as challenges. A major source of wealth creation opportunities arises from peoples' participation and social mobilization, which offer enhanced potential for stimulating local-level economic services and efficacy of investment. Integrating local-level planning, people's participation, reduction of waste in investment, creation of sustainable livelihoods and employment, etc., were considered visible benefits of this participation-based wealth creation. These factors can support both good governance and sustainable development practices.

41. A number of policy measures were suggested during the discussions:

- While FDI could also increase where there is a good and large market, good governance and accountability of recipients and donor agencies are essential for aid efficiency. Transparency of decision-making, priority-setting in allocation and resource flows is vital for the success of projects, programmes, plans and policies;

- For sustainable development, it was considered essential that decision-making involve the whole range of "micro" (peoples and communities), "meso" (local level, ecosystem of enterprises), "macro" (national planning and action) and "mega" (global and international) levels;

- It was recommended that pro-poor planning, social mobilization, enhancing resource availability, people's participation, use of indigenous knowledge and practices, creation of employment and livelihoods, integrating the poor in technology change

and the formal economy and adopting principles of sustainable development and good governance should be included as the key elements of development priorities of LDCs;

- The need to identify sustainable development and good governance practices to support catalytic agents such as think-tanks and sustainable development institutions was emphasized. Linking them to sustainable development networks, establishing stakeholder round tables and methods of conflict resolution, developing multilateral environmental and economic instruments, and supporting capacity-building based on joint collaboration and action, research and grass-root activities were considered critical.

(f) Social services delivery in LDCs in Asia and the Pacific

42. Social services delivery was recognized as an integral part of socio-economic development. Adequate provision or availability of such services, particularly in the field of education, health and water supply, serves as a critical factor in improving the quality of life of the common people. This assumes special significance in the least developed countries as compared to other developing countries. One of the important considerations is the accessibility of the population to the services provided by various organizations involved in this activity. It is essential that services should be responsive to the needs of the population. In this context it is often emphasized that, apart from quantitative expansion of social services, qualitative aspects such as efficiency and effectiveness should be given due importance.

43. The Meeting also noted the following:

(a) Delivery of social services is constrained by the low level of budgetary allocation in the public sector on the one hand and a low absorptive capacity in terms of utilization of available resources on the other. A more serious problem concerns the need for efficient and effective utilization of funds;

(b) Cost-sharing and cost-recovery in social services is limited due to the low income level and lack of awareness among the population, who look to the Government for free delivery of social services;

(c) Community participation is at a low level both in the implementation and in the operation and maintenance of social service projects;

(d) Women and vulnerable groups are afflicted by the problems of social exclusion, low family income and the heavy burden of household chores;

(e) Public sector service delivery has been affected by problems of low morale, poor performance of service providers, inadequate operating budgets and extremely poor supervision and monitoring systems;

(f) Private sector participation in social services delivery is confined to areas where profitability is assured.

(g) The activities of NGOs and community-based organizations are increasing at present. However, they are limited in terms of the coverage and content of their activities;

(h) Success stories found in the LDCs must be examined for replication in areas wherever possible, as this process will help maintain programmes in a sustainable manner.

44. A number of policy measures were suggested during the discussion:

- Public expenditure for the provision of social services needs to be increased. Mobilization of internal and external resources should be enhanced for this purpose;

- Apart from enlarging the size of the budget itself through additional resource mobilization from internal and external sources, possibilities for higher resource allocation to the social sector should be considered through intersectoral budget reallocation. Moreover, allocation of a higher proportion of the social sector budget to the basic social services through intra-sectoral budget restructuring could be another option. At the same time the rate of disbursement of the resources committed by the donors should be increased;

- There is significant room for improving the efficiency of social sector investment. In education, appropriate measures should be undertaken to increase the size of school enrolment and reduce the drop-out and repetition rates, in conjunction with the improvement of physical facilities. In the health sector, efforts should be made to increase the number of trained personnel and to supply essential drugs and equipment in an adequate manner. A change from the present mode of managing education, health and drinking water from the centre towards a participatory community approach could also lead to better performance in this sector;

- In view of the resource constraints faced by the Governments of LDCs in Asia and the Pacific, it is essential that cost sharing and cost recovery mechanisms should be developed in the social services sector. Different approaches can be adopted in the different sectors. For example, in the education sector, instead of making school education free, some costs could be recovered from those students with the capacity to pay, and tuition could be provided free to poor students. Education at the higher level needs to be based increasingly on the principle of cost recovery. In the health sector, there is scope for levying fees for certain health-care services, including charges for medicines. Similarly, in the water supply sector, the formation of user groups could go a long way towards meeting part of the initial cost of projects and of the operating and maintenance costs after their completion;

- In order to serve the needs of disadvantaged and vulnerable groups, including women, public policies must consistently pursue the goal of equity in the distribution of opportunities and social services. Specific target-oriented programmes should be launched in the delivery of social services. In education, programmes specially directed towards raising the enrolment of children from disadvantaged groups should be implemented through flexible scheduling, reduced daily school hours, extended teaching days and integrated literacy classes. There should also be strong

intervention in the form of broadening employment avenues, which would automatically reduce the excess burden on children. Similarly, female mortality can be reduced directly through health and nutrition interventions and indirectly through non-formal education and employment generation;

- It may be desirable for the Government to withdraw from some of the areas where it is currently involved and where its capacity to deliver is limited. This should apply in the case of social services. There is a general need for greater devolution of authority from the centre to local government institutions to manage social services in their respective areas. In addition, community participation in the management of schools, water supply and health services should be encouraged. Consideration should also be given to promoting social mobilization at the grass-roots level. The Meeting took note of the conceptual framework in this regard;

- The Government should make it easier for the private sector and non-government organizations to play a greater role in delivering social services in both urban and rural areas. Efforts should be made to ensure proper coordination among service providers. Norms and standards for service delivery by the private sector and non-government organizations should be developed and enforced;

- Steps should be taken to make service providers more accountable to the service recipients. This can also be done by empowering people through the creation of citizens' groups, consumer associations and user groups;

- A final review of the implementation of Programme of Action indicates that there is a lack of firm political commitment on the part of the policy makers, which inhibits social welfare as a whole. It is therefore imperative that there should be greater commitment on the part of the Governments of LDCs;

- In view of the lack of information in respect of the delivery of social services, in-depth studies should be undertaken at the national level with the objective of identifying problems that prevail from the centre to the field level and suggesting appropriate remedial actions.

V. Adoption of the report

45. At the closing session, Mr. Shankar Sharma, Vice-Chairman, Mrs. Anna Kajumulo Tibaijuka, Executive Secretary of the LDC-III, and Mr. Iftekhar Ahmed Chowdhury, Chairman, made brief statements on the outcome of the Meeting and future activities related to the preparations for LDC-III.

46. The Meeting adopted its report and agreed to authorize the Chairman, in accordance with past practice, to complete the final report taking into account the proceedings of its closing session.

Annex

Agenda of the Meeting

1. Opening of the Meeting

2. Election of officers

3. Adoption of the Agenda

4. Presentation and discussion of thematic issues in preparation for the Third United Nations Conference on the Least Developed Countries:

   (a) Financing growth and development in LDCs;

   (b) Trade, market access and supply capacity in LDCs;

   (c) Good governance, stability and integrated national development in LDCs;

   (d) Social service delivery in LDCs

5. Issues related to the preparatory process of the Third United Nations Conference on the Least Developed Countries

6. Other business

7. Adoption of the report of the Meeting

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UNITED
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Intergovernmental Preparatory Committee for
the Third United Nations Conference on the
Least Developed Countries
First session
New York, 24 July 2000
Item 3 of the provisional agenda

REPORT OF THE EXPERT-LEVEL PREPARATORY MEETING FOR THE FRENCH-SPEAKING AFRICAN LDCs

Held in Niamey, Niger, from 18 to 20 April

GE.00-51151 (E)
00-53632

I. INTRODUCTION

1. In its resolution 52/187 of 18 December 1997, the General Assembly decided to convene the Third United Nations Conference on the Least Developed Countries (LDCs) in 2001, with the following mandate:

(i) To assess the results of the Programme of Action during the 1990s at the country level;

(ii) To review the implementation of international support measures, particularly in the areas of official development assistance (ODA), debt, investment and trade;

(iii) To consider the formulation and adoption of appropriate national and international policies and measures for sustainable development of the least developed countries and their progressive integration into the world economy.

2. The General Assembly accepted the offer of the European Union to host the Conference in Brussels from 14 to 20 May 2001. It also decided to establish an intergovernmental preparatory committee and convene three regional expert-level preparatory meetings, one for English-speaking African LDCs, one for Asian and Pacific LDCs, and another for French-speaking LDCs. The first meeting of the intergovernmental preparatory committee will take place in New York in July 2000. The meeting of French-speaking LDCs was held at Niamey (Niger) from 18 to 20 April 2000. Its main objective was to assess the implementation of the programme of action for the 1990s in respect of French-speaking LDCs, facilitate the preparatory process at national level and hold discussions with a view to setting the agenda of the Conference. The expert-level meeting for French-speaking LDCs was provided with studies carried out by the secretariat of the United Nations Conference on Trade and Development (UNCTAD) on the following topics:

(i) Development finance in LDCs;

(ii) Commercial issues, access to markets and supply capability in LDCs;

(iii) Social services in LDCs;

(iv) Governance, stability and integrated national development in LDCs.

In addition, the experts had sight of the guidelines for the preparation of national programmes of action for development.

II. ORGANIZATION OF THE MEETING

3. The agenda of the meeting is reproduced in annex I. The meeting was attended by 38 experts from 14 LDCs, 6 from United Nations bodies, 1 from the West African Economic and Monetary Union (WAEMU), 2 from the European Union and 2 from specialized agencies. The list of participants is reproduced in annex II.

III. OPENING MEETING

4. The meeting began with a statement by Ms. Anna Kajumulo Tibaijuka, Executive Secretary of the Conference, on the objectives of the workshop, namely:

(i) To provide a forum for national representatives entrusted with drafting and coordinating national programmes of action for presentation to the Third United Nations Conference on the LDCs;

(ii) To enable the Conference organizers to garner the views of experts on the topics which the international community will focus on during the Conference.

5. The resident coordinator of the United Nations system, Mr. Steven Ursino, said he regarded the meeting as another milestone in the Niger's return to the international scene following the re-establishment of democratic government. He recalled the target set by the Secretary-General of halving the number of people living in poverty around the world by the year 2015 on the basis of commitments by the LDCs themselves and the Heads of State or Government of the richest countries.

6. Mr. Francisco Granell, representative of the European Commission, reaffirmed the wish of the European Union to cooperate fully during the meeting and throughout the preparatory work for the Third United Nations Conference on the LDCs, which was due to be held at the headquarters of the European Parliament in Brussels.

7. Mr. Seffou Dine Akandé, representative of the United Nations Economic Commission for Africa (ECA), stressed the importance of human development, poverty reduction, and the need to increase ODA and encourage direct foreign investment in LDCs.

8. The representative of WAEMU, Mr. Alain Faustin Bocco, emphasized the significant contribution of the trade policy of the West African community in opening up subregional economies to the international market.

9. His Excellency Seini Oumarou, Minister of Trade and Industry of the Niger, welcomed the preparatory meeting. He noted with satisfaction the choice of the Niger as the venue, which indicated the re-establishment of the country's international credibility, and declared the meeting open, expressing the hope that its work would be successful.

IV. WORKING MEETINGS

10. Mr. Najim Elhadj Mohamed (Niger) was elected Chairman and Mr. Damien Eklu-Natey (Togo) was elected rapporteur.

11. The first working meeting began with a presentation by the UNCTAD secretariat on an assessment of the Programme of Action for LDCs in the 1990s and a possible strategy for the coming decade.

12. The prime objective of the Programme of Action during the 1990s had been to arrest further deterioration in the economic situation of LDCs, to reactivate and accelerate their development and, in the process, to set them on the path of sustained growth and development. An assessment of this Programme revealed a progressive worsening of the principal economic indicators coupled with a sharp decline in the volume of ODA given to LDCs. The two secretariat representatives proposed some elements of a strategy for the coming decade:

- The need to take account of the diversity of LDCs when formulating national programmes of action;

- Close partnership between all stakeholders in the process, in particular, between the private sector and civil society in LDCs and the donor community;

- Provision for a comprehensive framework to coordinate the implementation of the anticipated results of the Conference;

- Implementation of international measures to support efforts by LDCs to strengthen their productive capacity and human development with a view to remedying structural weaknesses, inter alia by strengthening their competitiveness in the context of globalization.

13. The secretariat outlined the merits of the recent changes in the criteria drawn up by the United Nations Committee for Development Policy (income per inhabitant, quality of life, economic vulnerability) and invited the experts to refer to this methodology when considering the national socio-economic situation.

14. The secretariat then presented guidelines for formulating national programmes of action for development. It was noted that in many LDCs, the reference documents that are required to formulate a national programme already exist. However, it will still be necessary to consolidate the information in these documents in the light of the guidelines and the 10-year period covered by the programme. Poverty-reduction strategies that are currently being prepared or implemented in many LDCs, as well as round tables under the auspices of the United Nations Development Programme (UNDP) and consultative groups under the auspices of the World Bank, are good examples of existing documents.

15. The participants noted that the representatives of the European Union and the UNDP resident representatives in LDCs had been invited by their respective Governments and Headquarters to facilitate the elaboration of programmes of action at national level.

16. Lastly, the secretariat requested participants to provide an update on preparatory work in respect of national programmes of action.

Development finance in LDCs

17. A special presentation on this issue, given by a consultant, was followed by a discussion. The reference document shows that, in 1997, domestic savings in LDCs were less than half the average recorded for the whole of sub-Saharan Africa. This indicated a general unwillingness to

save. According to the report, the mobilization of resources in LDCs is hampered by three interrelated constraints: the low level of savings, lack of financial intermediaries, and disinvestment.

18. The report concludes that in the short and medium term, financing from abroad will continue to be the lynchpin of LDC development. A crucial element in the new strategy to help LDCs will be the quest for enhanced synergy between ODA and private funds.

19. The document and presentation were highly appreciated because they contained useful studies of the problems of development finance in African LDCs. They highlighted basic issues concerning the links between development strategies and the funding mechanisms currently being used.

20. The discussions touched on the three principal sources of development finance: mobilization of domestic savings, the flow of ODA, and foreign private capital.

21. It was suggested that, as far as the mobilization of domestic savings is concerned, increased use should be made of the possibilities offered by credit unions and decentralized financial institutions in order to reach areas where the habit of hoarding was still entrenched and where the extension of saving throughout the population would be of benefit. It was also suggested that the example of the Malian diaspora should be used to encourage expatriate workers to remit money to their home country. A regional approach to mobilizing savings, as exemplified by the Southern Africa Development Community (SADC) was also proposed. Public funding of highly labour-intensive activities might also prompt households to save. Broadening the tax base and improved management of public finances were other ways to increase the budget surplus.

22. The identification of solutions (even regional ones) to the problem of massive capital outflows was one way of encouraging investment in LDCs. At regional level, the increased participation of LDCs in capital markets was a potentially significant means of mobilizing investment resources.

23. As far as ODA flows were concerned, it would be highly desirable to relax conditionality, especially with regard to the financing of economic and social infrastructure. It was also suggested that the procedure for disbursing credits should be relaxed. The growth in ODA flows, particularly spending on the improvement of economic infrastructure, had a direct impact on the capacity to mobilize internal resources and the inflow of foreign capital.

24. Coordination and harmonization of contributions from various donors were advocated as important ways to ensure that assistance was utilized effectively.

25. The importance of debt relief or reconversion was reiterated, in terms both of relieving State budgets and of encouraging investment.

26. The importance of establishing a national and international climate favourable to foreign investment was emphasized.

International trade and supply capacity

27. The experts noted that the theme of the session amalgamated two distinct topics which would benefit from being considered separately: issues of international trade, which subsumed a number of external factors, and issues to do with output and supply capacity which were mainly influenced by domestic factors, for example human resources development. However, the discussions had helped to integrate those two areas of activity, and the experts recognized that they were closely related. Particular attention was focused on the following points.

(a) Marginalization of LDCs

28. The presentation prior to the discussion highlighted the importance of foreign trade as the mainspring of LDC development, but it also emphasized the marginalization of LDCs with reference to the expansion of international trade. Although LDCs accounted for 13 per cent of the world's population in 1997, their share of international exports and imports in that year was just 0.4 and 0.6 per cent, respectively.

(b) The problem of dependency on foreign trade

29. The experts thoroughly debated the dependency on foreign trade of the majority of LDCs owing to their heavy concentration in sectors which are frequently exposed to external shocks. In this regard, the experts singled out drought as a destabilizing factor in agricultural production, in addition to the vagaries of international commodity prices, which wreak havoc on the export earnings of LDCs. They noted that of the 20 developing countries which had witnessed the greatest instability in exports of goods and services during the past two decades, 15 were LDCs for which international price fluctuations were a highly destabilizing factor. As well as price instability, there are other destabilizing factors associated with changing patterns of international demand. Specifically, a number of LDCs are encountering an erosion of the sometimes long-established commercial preference which they once enjoyed and which gave them a competitive edge without necessarily strengthening their productive capacity or long-term competitiveness.

30. The participants also had occasion to note the recent methodological change in the United Nations definition of LDCs which involved the substitution of a composite economic vulnerability index for the former composite economic diversification index. Two components of the new index measure economic instability resulting from external shocks. Foreign dependency, which is normally shown by indicators of the openness of the economy, may significantly expose LDCs to external shocks. In 19 of the 48 LDCs, a single export commodity, agricultural or mineral, accounts for 50 per cent of all goods exports. This is a reflection of the significant problems which these countries experience in diversifying and strengthening their productive capacity. These problems provided the occasion for a fruitful exchange of views between the experts, who in the light of their national experience referred to the geographical handicaps affecting their economies. Landlocked countries are a case in point.

31. The problem of inadequate economic diversification in LDCs can to some extent be explained by a lack of qualified personnel. This weakness is an obstacle to progress in the sphere of globalization, which vastly increases export opportunities resulting from the liberalization of international trade.

32. The experts discussed possible responses by the international community to the problems encountered by LDCs in their efforts to enhance their productive capacity and boost their participation in world trade.

(c) Lessening restrictions on the supply capacity of LDCs

33. First and foremost, the experts noted the importance of action to lessen the economic handicaps affecting the economies of LDCs. These handicaps breed multiple transaction costs (customs clearance delays, warehousing, multimodal transport, corruption at border crossings, police harassment, etc.) and hinder competitiveness, diversification and improvement of productive capacities. A number of participants stressed the importance of developing physical infrastructures, and others advocated the merits of electronic commerce as a way of reducing the transaction costs associated with incomplete information. For example, the use of modern information technologies can help small producers or potential exporters to advertise their products abroad at very low cost. The experts recognized the usefulness of disseminating the tools provided under UNCTAD's Trade Points Programme, which appeared to offer special benefits to countries with severe geographical handicaps such as landlocked or insular LDCs.

(d) Improving the economic specialization of LDCs

34. Another important area of activity within the purview of the Conference is the improvement of countries' sectoral specialization, for example through the pursuit of favourable trade and investment policies and appropriate sectoral policies. In order to reduce their structural dependence, a drawback in the context of globalization, LDCs have a keen interest in identifying new areas of economic specialization based on comparative advantages. These may either be long-established or have emerged more recently as a result of changing patterns in international demand. The importance of international service sectors for LDCs and other developing countries alike was acknowledged by the experts, who noted that many LDCs had great potential in the fields of tourism, international transport, cultural industries and financial services. However, many participants cautioned that the scope for development of services was limited when the import content of service sectors was particularly high. In the goods sector, the merits of various subsectors which are potential candidates for sustainable diversification were mentioned, in particular fruit and vegetables and the subsector of small industries catering to local demand in the wake of breakthroughs in regional cooperation. Several experts lamented the difficulties which LDCs often encountered at the intra-regional level in achieving sufficient complementarity between their products and those of their neighbours, since too many African countries tend to produce the same goods.

(e) Increased market access opportunities

35. Noting the importance of issues concerning market access and problems with tariff and non-tariff barriers which LDCs continue to encounter, the experts considered it very desirable

that the "possibility" of free access for LDC exports to the markets of developed and middle-income countries, as referred to in the Bangkok Declaration, should be translated into reality at the Brussels Conference. Mention was made of the problems which LDCs encounter in securing full participation in negotiations and decisions which impact on the multilateral trade system. The experts took the view that it is essential to mobilize the relevant international organizations, especially UNCTAD, in order to strengthen the capacity of LDCs to share in the progress of multilateral trade. This means supporting existing LDC members of the World Trade Organization (WTO) and providing technical support to LDCs seeking to join the organization.

36. The importance of regional trade integration as a factor promoting development through trade was reiterated, notwithstanding inadequate complementarity between products. The discussion led into the important topic of the development of the European Union's trade policy towards the African, Caribbean and Pacific (ACP) countries, a subject of great of interest to all African LDCs. The experts outlined the prospects for a new approach to Euro-African cooperation involving subregional free-trade zones which would inaugurate relations of reciprocal preference with the single European market after a period of transition.

(f) Other aspects of the economic vulnerability of LDCs

37. Finally, the experts noted the usefulness of studying factors that contribute to the economic vulnerability of each LDC (a project already undertaken by UNCTAD). It was acknowledged that economic vulnerability is a complex phenomenon which varies widely from one country to another. It is accelerated by the forces of globalization because changes in worldwide demand are reflected in increased competition, which LDCs frequently experience as an external shock. After noting the failure of international price-stabilization mechanisms for various commodities, the experts were informed about the elaboration of mechanisms to enable developing countries to manage the risks associated with international commodity price fluctuations, as well the efforts of the international community, including the World Bank and UNCTAD, to facilitate LDC access to these mechanisms.

Governance, stability and national integrated development

38. By way of introduction to the discussion on governance, stability and national integrated development, a consultant provided an overview of a reference document which he amplified with his own insights and reflections. The main points of this presentation and the discussion to which it gave rise are summarized below.

39. The reference document placed the topic in its historical and contemporary setting. In the period immediately after independence, African Governments inherited a colonial system. They based their policies on the Keynesian economic theories which were fashionable at the time and which advocated strong political power as a spur to economic development.

40. Regrettably, State planning failed to deliver a viable economic base and good governance. A gulf developed between the pretensions of State planning and the realities of trade with the outside world. This led to the intervention of the Bretton Woods institutions with their neo-liberal ideology in the late 1970s. The question of strengthening democracy was place on the agenda everywhere.

41. Accordingly, it was necessary to rethink the role of the State in the light of socio-economic, cultural and constitutional factors while continuing to strengthen moral and ethical standards in public services. Surveillance and monitoring mechanisms, parliament, the justice system, an independent and plural press, and civil society all have an essential role to play in this regard. They need to operate effectively and without interference. Although pluralist democracy is not in itself a sufficient precondition for economic development, experience has shown that it is a safer bet than authoritarian regimes.

42. In addition to the reference document, the consultant circulated a note containing his own thoughts on the matter which he summarized for the experts. He dwelt on the definition of good governance, its impact on the stability and strength of institutions, and its effect on economic efficiency. He stressed the achievements and requirements of democratic legitimacy to which African Governments are committed. He also emphasized the strategic role of the State which needs to evolve from the welfare model of the past to that of a facilitator, encouraging responsibility, merit, commitment to public services and cooperation between all economic operators.

43. Internationally, he drew the attention of the participants to the benefits of a regional approach to good governance which should be deepened and amplified, and welcomed the abandonment of the punitive approach currently used by the international community in favour of partnership and political dialogue.

44. In the course of the discussion the experts acknowledged that the system of State planning in vogue in the 1960s had at least established an economic foundation which had previously not existed, although it had subsequently proved impossible to manage this base soundly.

45. The delegates listed various factors which hampered democratic development, for example tribalism and regionalism, low levels of education, poverty, and tension between tradition and modernity in many areas of life. They acknowledged the need to take account of the socio-cultural achievements of African tradition in establishing a more appropriate and effective model of democracy. Without departing from or distorting international standards, it is possible to take account of distinctive national features, especially through constitutional provisions.

46. The delegates also recognized the need to transform attitudes through civic education, thereby empowering citizens to participate fully in political and - more importantly - economic life. Democracy should be a gradual and irreversible process for the removal of corruption from politics and economic management.

47. Some delegates were of the view that, in conjunction with partnership and dialogue, the international community still needs to exert a degree of pressure. However, the principles of good governance should also apply to international relations. Globalization had ushered in an institutional void in the sense that there was no international framework for monitoring the activities of multinational firms. Sometimes it was only the activities of transboundary non-governmental organizations (NGOs) which served as a reminder of the need for equity and solidarity with the world's poor.

48. The participants welcomed the favourable developments which had taken place in a number of States regarding progress to democracy and the involvement of civil society in the decision-making process as regards economic and social development.

Analysis of the provision of social services in LDCs and proposed policies

49. The theme of an analysis of the provision of social services in French-speaking LDCs was discussed on the basis of a document prepared by a consultant.

50. A number of speakers confirmed that, since the worsening of the social and economic crisis in the 1980s the thrust of the debate of sustainable development has focused on the human dimension. This was evidenced, for example, by the World Summit for Social Development held in Copenhagen in 1995 under the auspices of the United Nations. The Summit drew up a kind of social contract to combat poverty in all its forms. The various options confronting societies incorporate the concept of sustainable human development with priority emphasis on strengthening social integration and the pursuit of social justice and equity. In difficult socio-economic contexts, these choices compel developing countries, and especially LDCs, to boost their capacity to provide social services. This is a challenge which necessitates unambiguous support from the international community.

51. As the consultant states in his document, public provision of social services in African LDCs was relatively impressive in the 1990s, attaining 5.7 per cent of gross domestic product (GDP) on average. Public provision of services, in conjunction with private-sector efforts, has led to a significant mitigation of the substantial social costs occasioned by the structural adjustment programmes to which the majority of French-speaking LDCs are subject.

52. Performance indicators reveal that efforts to provide social services varied according to sector. Overall, shortcomings are the result not only of a lack of clear-cut choices and budget transparency, but also of the way in which the causes of poverty have been assessed and the scale of the problems that need to be addressed. It was noted that although these shortcomings should essentially be rectified by LDCs themselves, the lack of clarity on the part of the international community, the principal financial backer of these efforts in the guise of ODA, should also be addressed in order to ensure the maximum effectiveness of the efforts that are being made.

53. In the field of health care, the participants noted that much remains to be done, notwithstanding the Bamako initiative which aims to secure primary health care for all. This is a difficult objective to achieve given the very real problems of access to drinking water and sanitary infrastructures in LDCs, which are two prerequisites for public health. The difficulty of correlating social systems to the reality in each country was noted. The question of why hospitals are being built along Western lines when the bulk of the population favours traditional medicine was also raised. Lastly, the AIDS pandemic and its impact on social services in French-speaking LDCs require a special effort to find a solution to the problem.

54. Whereas all the participants agreed that, as with health care, significant efforts had been made in the sphere of education (although these efforts fell far short of actual requirements), it was unfortunate that the available financial resources were being used to keep the system ticking

over without meaningfully achieving the targets that had been set. The inefficient nature of expenditure, combined with the unfairness of allocation, makes it hard for French-speaking LDCs to mount an effective attack on poverty. This sector deserves special attention because experience elsewhere in the world indicates that the educational level of a given population genuinely determines its level of human development.

55. Most speakers indicated that the programmes of action elaborated at the Third United Nations Conference on LDCs would amount to a thoroughgoing rethink of national poverty-reduction strategies by clearly identifying the root causes of poverty with a view to supplying appropriate remedies. To this end, the relationship between social development and economic performance needed to be mapped out. At the same time it was important to involve the entire community of stakeholders in this endeavour, particularly civil society which has a notable track record in the field of poverty reduction. There should also be an enhanced role for the international community, which mobilizes resources in a spirit of international solidarity, because efforts to combat poverty need to be understood beyond national boundaries.

56. The meeting closed with a progress report on the preparatory work that was being done in connection with national programmes. According to information from the countries concerned, it seems that focal points, resource persons and National Preparatory Committees are already up and running. However, some countries are reporting start-up difficulties and are requesting the assistance of the secretariat. They were informed that, in the event of difficulties, their first point of contact should be the appropriate regional coordinator. Regional representatives would also be available at Headquarters for subsequent trouble-shooting.

57. The experts unanimously thanked the authorities of the Niger for their warm welcome and their able direction of the work, and the UNCTAD secretariat for efficiently servicing the meeting.

Annex I

Agenda

1. Election of the bureau.

2. Adoption of the agenda.

3. Assessment of the Programme of Action for the LDCs in the 1990s and a strategy for the coming decade.

4. Development finance in LDCs.

5. International trade, market access and supply capacity of LDCs.

6. Governance, stability and national integrated development.

7. Analysis of the provision of social services in African LDCs and proposed policies.

8. Adoption of the report.

Annex II

Participants

1. The following countries were represented at the meeting:

Angola
Benin
Burkina Faso
Burundi
Cape Verde
Central African Republic
Chad
China
Comoros
Democratic Republic of the Congo
Equatorial Guinea
Guinea
Mali
Niger
Togo

2. The European Commission and the West African Economic and Monetary Union (WAEMU) were represented.

3. The Economic Commission for Africa (ECA), the United Nations Development Programme (UNDP), the Office of the High Commissioner for Human Rights (UNHCHR), the United Nations Children's Fund (UNICEF) and the United Nations Population Fund (UNFPA) were represented.

4. The World Meteorological Organization (WMO) and the Food and Agriculture Organization of the United Nations (FAO) were represented.

5. The following individuals also attended the meeting:

Mr. Chako Cherif, consultant (Niger)
Mr. A.T.D. Eklu-Natey, consultant (Togo)
Mr. M.G. Augustin Loada, Professor of Public Law and Political Science (Burkina Faso)
Mr. S. Sidibe, Minister of Finance (Niger)
Mr. Lama Joachim, Professor (Niger)
Mr. B. Jean Bakole, international consultant (Belgium)

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UNITED
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Intergovernmental Preparatory Committee for
the Third United Nations Conference on the
Least Developed Countries
First session
New York, 24 July 2000
Item 3 of the provisional agenda

GUIDELINES FOR THE PREPARATION OF THE ACTION PROGRAMME FOR DEVELOPMENT AT COUNTRY LEVEL

Prepared by the secretariat

GE.00-51108 (E)
00-53689

Background

1. The Third United Nations Conference on the Least Developed Countries (LDCs) is being convened by the General Assembly against the backdrop of increasing poverty in LDCs and the marginalization of those countries in global trade. The Conference has the following objectives:

   1. To assess the results of the Programme of Action for the 1990s at the country level;

   2. To review implementation of international support measures, particularly in the areas of official development assistance, debt, investment and trade; and

   3. To consider the formulation and adoption of appropriate national and international policies and measures for the sustainable development of LDCs and their progressive integration into the world economy.

2. The Conference affords each LDC an opportunity to make its own country-level presentation as effective as possible, addressing its internal and external problems; detailing its commitment to policy and administrative reforms; outlining the investment requirements for infrastructure and human capital, and for poverty alleviation, basic education and health services delivery; specifying the greater efforts needed to mobilize internal resources; and presenting a case for the external resources needed to fund the gap. The idea is to solicit financing of a realistic but ambitious development effort over the next decade. The presentation should include feasible and measurable targets on all key topics, and should clearly express the country's priorities.

3. The action plan is conceived as a consolidated document, or country memorandum, that will bring together the various sectoral and thematic programmes currently on the ground. Examples include programmes contained in Common Country Assessments prepared by the United Nations Development Programme (UNDP), Comprehensive Policy Frameworks and/or Poverty Reduction Strategic Papers for the Heavily Indebted Poor Countries (HIPC) initiative; Annual Budget Framework Papers (BFPs), Medium-term Expenditure Frameworks and Reviews of the World Bank; multi-year trade-related technical assistance programmes prepared under the Integrated Framework; and other sectoral programmes and master plans that might exist (see also the notes on these guidelines, below). By consolidating all such initiatives, it will be possible to establish priorities and cross-sectoral linkages, assess impact, and identify or map out gaps. In the final analysis, the national action plan should be owned by the country in question, which should feel free to reject models or ideas that are inconsistent with their national interests, vision or priorities.

4. Although emphasis is placed on costing, the action plan is not meant to be a mere budget, showing how government funds are going to be spent. Rather, it is an integrated development strategy that focuses on specific bottlenecks which the proposed programmes would try to remove in order to attain specific objectives. This requires adopting a framework of analysis capable of assisting a country to attain the desired scale and composition of output and incomes,

as constraints are overcome and as new situations arise. Such a framework would assist the Government and other stakeholders to arrive at optimal decisions in allocating scarce resources in the first decade of the twenty-first century.

General principles

5. The current guidelines are issued so as to indicate minimum standards that should be reflected in the country-level action programmes. The purpose is to ensure that those programmes are of high quality in terms of contents and presentation, and that they can be integrated into or provide inputs for the consolidated global programme of action in favour of LDCs to be agreed at the Brussels Conference. It is not intended to make all presentations uniform or identical. It is obvious that the priorities for action would depend on country-level situations and particularities, although there are systemic problems that affect all LDCs. In this regard, the guidelines are meant to ensure that such common elements are adequately presented at country level as a basis for designing appropriate action at the global level.

6. In order to avoid bulky documents, we have suggested the optimal length of each chapter of the country presentation. The main body of the document should not exceed 50 pages. Additional information, especially statistical tables, could be included as annexes.

7. It is necessary to recall the following deadlines in the preparation of the country action programmes:

- Draft country-level action programmes have to be submitted to the UNCTAD secretariat no later than 15 June 2000;
- The first meeting of the intergovernmental preparatory committee will be held in July 2000 in New York;
- Submission of final country-level action programmes by 15 November 2000 at the latest;
- High-level regional events to be held at the latest by 15 March 2001;
- Second and final meeting of the intergovernmental preparatory committee to be held before 15 April 2001;
- The Third LDC Conference to be held from 14 to 20 May 2001 in Brussels.

MODEL COVER PAGE

THIRD UNITED NATIONS CONFERENCE ON
THE LEAST DEVELOPED COUNTRIES
Brussels, 13-20 May 2001

Presentation of the Government of (name of country) .....

ACTION PROGRAMME FOR THE DEVELOPMENT OF (name of country),
2001-2010

date _____

Note: This report has been prepared under the responsibility of the Ministry of (Planning and Economic Development), following consultations with members of the National Preparatory Committee consisting of ... Ministries of ..., ... Central Bank, ... Chamber of Commerce, researchers from the University of ..., Women's Federation of ..., other NGOs. Technical support was provided by the World Bank, UNDP and the European Union. The report has been approved by the Council of Ministers.

Annotated contents

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Abbreviations

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Outline of the Action Programme

8. The following sequence of chapters for the country programme of action document is suggested:

INTRODUCTION

9. A brief introduction may provide an overview of the economic structure and the general potential of the country. It is not necessary to include basic information on geographic, cultural and historical facts which may be taken to be known. It is also important to provide an overview of the major constraints on development that the country has faced in the 1990s as a basis for developing its future action programme.

1. PERFORMANCE IN THE 1990s
(6-8 pages maximum)

10. Overall economic growth performance/sectoral contributions: Here provide key economic and social indicators (see set of core indicators in annex I). In order to convey meaning, the GDP growth rate should be computed in real terms. Make comparison against benchmarks/expectations/objectives/targets as set out in various documents: the Paris Programme of Action (1990), the country presentation thereto; other United Nations conferences (e.g on women, population, social issues, environment, Barbados Programme for island LDCs), and in other relevant national programmes (e.g. development plan, recovery programme, structural adjustment programmes, past or current "vision" statements, etc.), as well as against international indicators. Assess the country's keenness in following up implementation of given conference objectives. Assess the degree of the country's integration in the multilateral trading system. An attempt should be made to make this chapter analytical, as well as factual. What were the mechanisms that were behind any observed growth or decline? One such mechanism would be to have in place the appropriate capacity to design and manage policy measures to guide development.

2. ASSESSMENT OF FACTORS THAT HAVE FACILITATED OR CONSTRAINED THE COUNTRY'S DEVELOPMENT
(8 pages maximum)

11. The trend of development across many LDCs over the 1990s has not been uniform, and even in individual countries it is possible to find different trends within the last decade. It is necessary to identify factors that have contributed to improvement in the social and economic situation and those that have engendered the opposite results. In conducting this exercise, isolate domestic from external factors but indicate interrelationships where they exist: in a few cases, both types of factors may combine to give rise to specific situations. Failure to exploit fully the country's potential should be regarded as a constraint that should be addressed in the action programme.

12. A clear identification of the key constraints is essential. The way they are addressed will determine the content of future development policies and the programme of action. These constraints and the manner in which they are tackled will explain further the performance reported in the previous chapter. Constraints that have not been successfully removed should constitute the major focus of future development efforts. New constraints may appear in the course of time and it may be important to anticipate them in formulating the country-level action programme.

13. In order to facilitate the preparation of the action programme, a list of development potentials and/or constraints, grouped under three broad headings, is suggested below. These are:

- Domestic opportunities and constraints;
- External factors; and
- Vulnerability to shocks.

14. In each case, identify up to 10 crucial constraints, rather than a long catalogue thereof. The idea is that rather than dissipate energy and resources, as has often happened in the past, efforts should be focused on the key constraints in order to optimize the use of scarce resources and make tangible headway.

Domestic opportunities and constraints

15. Such factors may include the following:

(a) Peace and social stability. The maintenance of peace or, in its absence, the reign of civil strife, border and ethnic tensions and great political instability is fundamental in building or destroying the foundation for economic and social progress. Social unrest and wars, besides causing immense human suffering, divert scarce resources away from development and deter or drive away investment. Also, social unrest in one country often overflows into and affects neighbouring countries, for example by giving rise to an influx of refugees. If this factor is relevant to your country, assess its impact on development in the last 10 years.

(b) Economic infrastructure. The state of the physical and economic infrastructure (roads, railways, ports, airports, water supply systems, power supply, telephones, IT, etc.) in many LDCs is deplorable and has acted as a major impediment to sustained economic development and social progress. There may be emerging exceptions to this situation which should be identified and brought out as case studies for emulation in the next development decade. In the presentation, such case studies should be shown in boxes. It is important to explain the factors that have made these examples stand out, and where possible to try to indicate the impact these factors have had over the whole economy or society.

(c) Policy reforms. There is hardly any LDC that has not undertaken structural economic reforms in the last decade, more often than not at the behest of the International

Monetary Fund (IMF) and the World Bank. The success or failure of these reforms depends on the manner in which they are designed and managed. Macroeconomic policies have included such issues as monetary and exchange rate policies, fiscal policies, and trade and competitiveness policies. Other important aspects relate to sectoral policies and regional/rural development. Even successful programmes have not adequately grappled with increasing income inequality or poverty. The latter has been attracting increasing national as well as international attention. It is important that the country studies analyse the macroeconomic environment and point out the reasons for success or failure of the relevant policy reforms as well as the country's mechanism for instituting policy change, when this becomes necessary.

(d) Conducive environment for private sector development. One of the most outstanding reform measures in the past decade has been in economic liberalization and promotion of the private sector. The country studies should describe the main forms of private sector development in the country and the supportive role played by the Government. Reference should be made, for instance, to how the legal and institutional frameworks are geared to supporting or hindering private domestic and foreign investments. Assess the response that such initiatives have evoked from the private sector.

(e) Domestic resource mobilization. In most LDCs the mobilization of domestic resources is still weak. What have been the reasons for this situation in your particular country? What efforts have been made to enhance domestic savings and investment, and what is their impact?

(f) Governance. The area of governance has to be reviewed from the broad perspective of the institutional and political dimensions to manage the country and involve its citizens in all economic and administrative matters. In this context, good governance encompasses participatory development, human rights, democracy, accountability and transparency of government, efficient public sector management, and private sector responsibility. Competence of the Government to formulate good policies and follow them up with operational decisions, and delivery of efficient public service, are also quite germane to the subject of good governance. Other important aspects which should be examined are involvement of local communities, decentralization, civil service reform and management of natural resources. Due to their exceptional importance, it is suggested that environmental and gender issues be treated separately. It is necessary to avoid getting embroiled in political controversy within the national planning commission (NPC) over the subject of political pluralism, which goes beyond concern for efficient economic and social services administration. It is therefore advisable for the issue of governance to be addressed from the perspective of socio-economic development.

(g) Women. Linked to the above issues is the inability in the past adequately to mainstream women as full agents and beneficiaries of development. In most LDCs, women, who represent more than half of the population, are not fully integrated into the development process and do not enjoy rights and access to resources commensurate with their contribution and potential. The study should point out the obstacles to integrating women into development and how these are being addressed. How has this lacuna been associated with poverty in the country?

(h) Environment. This is a cross-cutting sector that has been gaining importance and much recognition in many countries, ever since the United Nations Conference on Environment and Development. There are two dimensions to be examined: mainstreaming of environmental concerns in the development process, and the regulatory mechanism for protecting the environment.

(i) Human resources constraints. There are various dimensions to human resources development that need to be taken into account. First there is the central issue of developing human capital through education and training, as well as health programmes. There is the need to address the demand for trained labour in a new globalizing economy in which competitive capacity is knowledge-driven. Preferential investment in both the education and health sectors should be envisaged in order to underpin sustained development and facilitate alleviation of poverty. The study should show the trend of development in these areas in both policy and practice. Since a high rate of population growth adversely affects efforts to alleviate poverty and to sustain human resource development in as far as it constrains the allocation of sufficient resources for social spending, the performance of the country's population policy should be reviewed.

(j) Agriculture and the rural sector. This sector is singled out because of its pivotal role in the economic development of practically all LDCs. In addition, the majority of the population in LDCs depend on agriculture for their livelihood and live in rural areas. The question of food security is also critical to development. Continued reliance on low-level technology and inadequacies in adaptive research have meant that food production continues to lag behind population growth. In many cases the price of food imports is on the rise. Most of the pressing environmental problems result directly from endemic poverty and population pressure. These often compel the poor to adopt unsound farming, grazing and fishing methods, or to settle on ecologically fragile marginal lands. Where they do not exist, agricultural sector development plans should be developed. (An outline of the key elements of such a plan is attached as annex II.)

(k) Industrialization and technological development. Among other things, industrialization could be an important strategy for LDCs to enhance their technological capability, diversify production in order to overcome the vulnerability inherent in their dependence on commodity production, and strengthen intersectoral linkages. How far has industrialization featured in the country's development strategy during the 1990s, and what achievements and/or problems have been experienced?

(l) HIV/AIDS control. The HIV/AIDS pandemic continues to pose a threat to development in LDCs, which are among the most seriously affected countries. The problem merits special attention and treatment in the action plan. That is why countries have adopted a multi-sectoral strategy in their AIDS control programmes. In most countries HIV/AIDS control programmes exist, but with considerable variations in their effectiveness. It is suggested that the action plan review the situation, assess the impact and recommend action for improvement.

External opportunities and constraints

16. A supportive external environment, particularly including international support measures, is crucial for economic development. In a globalizing world, even with the best macroeconomic policies and national efforts, it is unlikely that any LDC would be able to develop in the absence of favourable external factors. The following subjects could be examined:

(a) Official development assistance (ODA). Apart from reporting the amount of aid received in the 1990s in absolute figures, it is important to give the aid intensity ratios for the 1990s (as a percentage of GDP, as a proportion of government revenue and expenditure, in recurrent and development budgets, and in the current account). Assessment of aid effectiveness and outlook are important. An analysis of the sectoral distribution of ODA will make it possible to determine what proportion of aid goes to financing development as opposed to financing consumption. Emphasis should be given to mapping out problems related to the management and coordination of aid, as well as problems of aid dependency and measures that need to be taken to rectify them. Establish the proportion of the technical assistance component of ODA and assess its impact on development, especially given its resource outflow implications. Provide aid programme out-turns (disbursements) versus promises in US$ for the last five years (1995-2000) and for 1990. If there is any disparity between the two, provide an explanation. With regard to financing adjustment, assess the impact of conditionality on development during the 1990s.

(b) External debt burden. Provide key indicators on the debt situation in the 1990s, including stock and trends, category (bilateral vs. multilateral, official vs. commercial), debt service ratios (as a percentage of GDP, government revenue, export earnings, key public expenditures, especially on health and education). Is the country being considered for HIPC qualification? How has the current status been reached? Is there any debt management strategy? This section should demonstrate how the impact of the debt burden is strangling growth and social services.

(c) The export sector. Assess export sector performance during the 1990s. Although the performance of the export sector could also be influenced by internal factors such as transportation, credit supply and marketing of produce, here we concentrate on market, export diversification and prices (terms of trade). How far has market access been a constraining factor in export development? What opportunities have presented themselves in external markets (for example, in niche markets)? Describe the efforts made by the country to overcome supply-side constraints and diversify the export base. Assess the constraints and achievements. To what extent has the country been vulnerable to terms-of-trade losses?

(d) Foreign direct investment (FDI). Given trends in FDI flows by sector during the 1990s indicating, where possible, source and type (e.g. replacement vs. expansionary) of FDI, and investment ratios (as a percentage of GDP, total investment and ODA). Assess the local environment for attracting FDI.

(e) The regional cooperation dimension. Provide information on the participation of the country in regional associations and groupings indicating, in this regard, the opportunities and constraints relating to the country's social and economic development. Apart from

economic integration activities, in the context of regional groupings, there may be domains of national action, for example relating to tourism, which may have a bearing on developments in neighbouring countries. There are also specific inter-country projects, for example the Kagera Basin project involving the United Republic Tanzania, Uganda, Rwanda and Burundi. The regional cooperation dimension should therefore be analysed from a broad perspective.

17. Certain issues which are generally considered as domestic constraints are also important subjects in the context of external factors and influences. This includes governance, structural adjustment programmes, negotiations for foreign borrowing, procurement of goods and services, corruption, utilization of aid, capital flight, emigration and remittances. Consequently, these areas should be looked at from the perspective of both LDCs and their development partners, taking into account the respective responsibilities.

Vulnerability to Shocks

18. Assess the vulnerability of the country to natural, economic and financial shocks during the 1990s and the level of disaster preparedness, prevention and management. One man-made shock is refugee influx. Natural disaster-related shocks could create balance-of-payment difficulties as they may reduce the availability of tradeables and increase the need for imports to meet domestic shortages and food deficits and to repair damage to infrastructure. Shocks emanating from changes in terms of trade and financial market instability, in particular if accompanied by sudden changes in exchange rates, could lead to financial shocks through losses of export earnings. Financial market instability leads to unanticipated increases in international interest rates and increased external debt-servicing burdens. Influxes of refugees exert tremendous pressure on host country resources and may jeopardize social stability.

19. If any of the above shocks have occurred in your country during the 1990s, explain how the development process has been disrupted or affected in the short, medium and long runs.

20. It will help to put the future programme of action in perspective if this chapter goes beyond a catalogue of problems and examines what strengths and opportunities exist that can be taken advantage of in the drawing up and implementation of the programme of action.

3. EXAMPLES OF SUCCESSES/BEST PRACTICES
(2-4 pages, possibly in form of "boxes")

21. LDCs and their development partners are groping for examples of what policies/initiatives have worked in practice. Such examples could be built upon for the future development of the country itself, and serve as possible models to be considered for transfer/adaptation to other LDCs. (It is expected that such success stories will be highlighted in the main Conference documentation.) [1 to 3 examples may be documented. Possible (illustrative) topics: bringing the AIDS pandemic under control, reforestation programme, improved efficiency of the revenue collection system, effective use of aid funds from donor X, micro-credit schemes, impact of distance education, successful cases of export development programmes, impact and mobilization of earnings from workers abroad, resettlement of refugees, etc.]

4. PROGRAMME OF ACTION, 2001-2010
(15-30 pages)

22. This is the most critical part of the country action programme document which should state the overall objectives, define the strategies and detail a prioritized and costed programme of activities to achieve these objectives. The action programme should be designed not only on the basis of the constraints identified in Section 2 above and the potential/comparative advantage of the country, but also in the context of future challenges embodied in the ongoing process of globalization. The basic problems of LDCs that need to be addressed revolve around the supply-side constraints that limit productive capacities and competitiveness. In the context of LDCs, reduction of poverty is an important complementary objective.

23. The process of producing a country-level plan of action is envisaged to involve the following steps:

- Adopting a shared vision. The country's development vision should be clearly articulated;
- Deriving a common mission from the vision;
- Designing and agreeing on a strategy to accomplish the mission;
- Stating the mission strategic objectives;
- Adopting policies and undertaking strategic activities in support of objectives, i.e. formulating a plan. Corresponding policies and arrangements for implementation, monitoring and evaluation should be indicated. Benchmarks and targets should be set and performance indicators spelled out. This 10-year programme should be phased, with intermediate (2-year, 5-year) objectives being more clearly stated. How are the subsequent phases to be embarked upon? What kind of institutional arrangements are in place or are needed to implement the programme of action? What are the mechanisms in place for mid-course programme adjustment?

24. Costing of the plan by activities is absolutely essential. This means that the plan must have programmes which in turn consist of projects. This is a time-consuming exercise but, in practically all LDCs, considerable work has already been done and the present exercise is envisaged as building upon such work. It is therefore considered feasible for practically every LDC to produce an integrated programme of action for the next 10 years.

25. Needless to say, the national plan is a composite version of the sectoral plans. At the sectoral level, planning involves the following steps:

- Stating clearly the mission statement and objectives of the programme;
- Identifying strategic activities to attain the objectives, and assessing whether those activities will contribute to the attainment of the objectives directly or indirectly in

terms of their output. For example, if the objective is to maximize government revenue, support for private sector development will itself cost money but is an investment which will finally pay off as the tax base is widened;

- Establishing the resource requirements for each activity, the resource supply levels, and restrictions imposed on the plan. It is possible, for example, that the amount of funds available for savings and investment might be restricted by debt-servicing obligations, resource "leakage" in the form of capital flight or terms-of-trade loss. Plans to expand production need to make a realistic assessment of the availability of markets. ODA that is already lined up for the planning period, should be included under resources available.

26. A matrix for a conceptualization of projects and programmes for the plan appears as annex III. Annex IV is a matrix to exemplify how a budget for the action plan might be formulated. At the national level, the sectoral plans need to be synchronized, and those activities which are intersectoral in nature need to be identified. An example of an intersectoral checklist for projects and programmes is indicated in annex V.

27. If the above framework of analysis is systematically applied by sector, it should be possible to develop an integrated plan that can optimize the objective function (in this case economic growth), subject to resource constraints and such imposed restrictions as the need to guarantee poverty reduction, environmental protection, balanced regional development, equity and other such considerations. The programme of action in this sense can be characterized as a constrained optimization problem.

28. It is expected that the action programme will help to sensitize development partners on the need to provide adequate resources for its implementation. Support falling below the projected requirements is not likely to generate sufficient stimulus for the sustainable growth of the economy. The resource gaps of individual LDCs will be totalled up in the global programme of action as a basis for mobilizing further ODA (the 1999 Least Developed Countries Report shows that in 1997 only 8 of the 21 DAC members honoured their commitments to allocate 0.15 per cent of GNP in accordance with the Programme of Action for the 1990s).

29. The programme would therefore indicate what the country can do by itself and what external support would be required and in what form (e.g. ODA, technical assistance, debt relief, improved access to markets for goods and services, including through labour mobility, assistance in coping with refugees, famine, promotion of peace efforts, de-mining, etc.). Although it would be legitimate to request more ODA, it is advisable - and more realistic - to explain how ODA can act as a catalyst for development by increasing the country's own resources and capacity for self-reliance. For example, what modalities of ODA and other assistance are considered most effective, and in what areas can they make most impact?

30. It should be reiterated that, given the realities of the resource situation, it is advisable that, rather than go for too many activities in the programme of action, the countries select, after a careful analysis, interventions that seek to remove the critical impediments to growth. Removal of such bottlenecks, especially those that cut across sectors, or those that relate to strategic sectors, is expected to have a multiplier effect in the development of the economy as a

whole. For example, given the significance of LDC agriculture (at least in terms of potential) for external trade, savings and investment, activities geared to achieving structural transformation in agriculture could be considered as priority areas of intervention. Construction of an airport could be crucial in niche product development in horticulture and/or fish products.

31. Countries could revisit their strategic investment master plans, if they are in place, with a view to fine-tuning them in the light of their action programmes. It is expected that this process will essentially entail identification of sectoral as well as cross-sectoral domains of public investment. However, it is important for countries to chart out strategies for creating an enabling environment for successful domestic as well as private investment whose role in the realm of production of goods and services is pivotal in the realization of the programme's objectives.

Notes

(i) In preparing this report, full use should be made of existing sources. There should be no need - and there is no time - to commission in-depth national studies.

(ii) On national issues and policies, sources include the documentation for the World Bank Consultative Groups, UNDP Round Tables, the Common Country Assessment (CCA) of the United Nations system prepared in the context of the United Nations Development Assistance Framework (UNDAF), the World Bank Country Assessment Strategy (CAS) and the " Long Term Strategy", or Vision 20/20 country reports, where they exist.

(iii) Concerning indicators, basic sources are the World Development Indicators of the World Bank and the Human Development Report, published yearly by UNDP. The annual UNCTAD Least Developed Countries Report also gives LDC-specific data. See also "A Working Set of Core Indicators" which is based on OECD/DAC 1998 document (annex I).

Annex I

WORKING SET OF CORE INDICATORS

MEASURING DEVELOPMENT PROGRESS: A WORKING SET OF CORE INDICATORS	
Goals	Indicators
Reducing extreme poverty The proportion of people living in extreme poverty in developing countries should be reduced by at least one-half by 2015. (Copenhagen)	1. Incidence of extreme poverty: Population below $1 per day 2. Poverty gap ratio: Incidence times depth of poverty 3. Inequality: Poorest fifth's share of national consumption 4. Child malnutrition: Prevalence of underweight under 5s
Social development	
Universal primary education There should be universal primary education in all countries by 2015. (Jomtien, Beijing, Copenhagen)	5. Net enrolment in primary education 6. Completion of 4th Grade of primary education 7. Literacy rate of 15 to 24 year-olds
Gender equality Progress towards gender equality and the empowerment of women should be demonstrated by eliminating gender disparity in primary and secondary education by 2005. (Cairo, Beijing, Copenhagen)	8. Ratio of girls to boys in primary and secondary education 9. Ratio of literate females to males (15 to 24 year-olds)
Infant and child mortality The death rates for infants and children under the age of five years should be reduced in each developing country by two-thirds the 1990 level by 2015. (Cairo, Beijing)	10. Infant mortality rate 11. Under 5 mortality rate
Maternal mortality The rate of maternal mortality should be reduced by three-fourths between 1990s and 2015.	12. Maternal mortality ratio 13. Births attended by skilled health personnel

<table>
<tr><td>Reproductive health

Access should be available through the primary health care system to reproductive health services for all individuals of appropriate ages, no later than the year 2015.

(Cairo)</td><td colspan="2">14. Contraceptive prevalence rate
15. HIV Prevalence in 15 to 24 year-old pregnant women</td></tr>
<tr><td colspan="3">Environment</td></tr>
<tr><td>Environment

There should be a current national strategy for sustainable development, in the process of implementation, in every country by 2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015.</td><td colspan="2">16. National sustainable development strategies
17. Population with access to safe water
18. Intensity of freshwater use
19. Biodiversity: Land area protected
20. Energy efficiency: GDP per unit of energy use
21. Carbon dioxide emissions</td></tr>
<tr><td colspan="3">General indicators</td></tr>
<tr><td>Other selected indicators of development

For reference: Population
Gross national product</td><td>GNP per capita
Adult literacy rate
Total fertility rate
Life expectancy at birth
Aid as of % of GNP
External debt as % of GNP
Investment as % of GDP
Trade as % of GDP</td><td>Savings as % of GDP
Services as % of exports of goods and services
Debt servicing as % of exports of goods and services
FDI inflows as % of GFCF</td></tr>
</table>

Source: Based on document "Measuring Development Progress", OECD, 1998.

Annex II

ELEMENTS OF AN AGRICULTURAL SECTOR DEVELOPMENT PLAN

The following outline could serve as a basis for developing an agricultural sector development plan:

1. Agriculture in the context of the national strategic development framework

2. Description of the national agricultural resource base

3. Institutional framework for agricultural development

4. General assessment of the performance of the agricultural sector in the last 10 years: achievements, constraints and opportunities

5. Priority areas for action to promote the development of the agricultural sector, e.g.:

   (a) farmers' education

   (b) research

   (c) agricultural technology

   (d) rural transportation infrastructure

   (e) access to rural finance

   (f) restructuring of agricultural marketing institutions

   (g) access to markets

   (h) environmental protection and resource management for sustainable agriculture

6. Operational framework:

   (a) sequencing of interventions: formulate a sequencing matrix

   (b) linkages and mechanisms for coordination

   (c) monitoring and evaluation of activities

7. Costing the operationalization of the agricultural development plan based on optimal selection of activities

8. Financing the plan and resource mobilization strategy:

(a) Government's own resources

(b) private sector and NGO resources

(c) development cooperation resources.

Annex III

CONCEPTUALIZATION OF PROJECTS AND PROGRAMMES FOR THE PLAN OF ACTION

For each programme and component project, one has to state the objectives, strategies to achieve the objective, activities in support of the strategic objectives, the cost, benchmarks, targets and performance indicators

Steps involved:	Examples
1. Strategic objectives of the project/programme stated succinctly, showing benchmarks and targets over the plan period	To double per capita income from US$ 210 to US$ 420 in 10 years. To reduce the incidence of poverty from 50% to 25% in 10 years. To arrest and reverse the spread of HIV by half from the current level.
2. Policies and activities in support of strategic objectives specified.	Programme to improve agricultural research and extension so as to raise agricultural productivity by 25 % in the next 10 years. Policies to liberalize marketing services in order to improve competition and enable producers to receive at least 50% of the final sale price of their product compared to the present 20%. Programme to sensitize the population to the dangers of AIDS and raise awareness and knowledge on the mode of spread of the disease among 80% of the population compared to the present 50%. Assessing the various ways to organize agricultural research and extension, and the cost of each approach.
3. Specification of inputs or technical coefficients for each activity and assessing the various merits and demerits of each. Specifically assessing the links for supporting investments for the programme to take place. The choice of techniques or approach to carry out the activity, and its merits and demerits assessed.	
4. Costing the programme by different approaches of implementation, and selection of least-cost method.	Establishing the cost of constructing a tarmac road vs. maintaining a gravel road.
5. Totalling cost of selected programmes in the sector and comparing them to resource supply levels and existing restrictions.	Provide an estimate of total resource requirements in terms of land, labour, capital and managerial skills.

Annex IV

STRUCTURE OF SUMMARY OF INDICATIVE BUDGET AND CASH FLOW REQUIREMENTS BY SECTOR AND PROGRAMME

Sector	Sector/Ministry Department	Programme	2000	2001	2002
1. Public administration	1	1 2 3			
	2	1 2			
2. Law and order	1	1 2 3			
3. Economic infrastructures					
4. Productive sectors					
5. Social services					
6. Disaster relief and preparedness					
7. Total budget requirements					
Less 8. Own-funds					
Less 9. Debt-service funds Provision for leakages if known					
Add 10. Projected ODA commitments					
11. Unfunded gap					

Annex V

INTERSECTORAL LINKAGES CHECKLIST FOR PROJECTS AND PROGRAMMES
(Indicates complementary investments in other sectors for the project to take off)

Sector	Sector/Ministry Department	Programme	Public administration	Law and order	Economic infrastructure	Productive sectors	Social services	Disaster relief and prep.
1. Public administration	1 2	1 2 3 1						
2. Law and order	1	1 2 3						
3. Economic infrastructure								
4. Productive sectors Example	Agriculture	Horticultural exports in region X			Works Regional airport			
5. Social services								
6. Disaster relief and preparedness								
Sectoral scores for interlinkages								

This framework will assist in identifying sectors with the greatest importance for other sectoral projects, e.g. an airport would have a possible impact on tourism.